

FINANCIAL TIMES

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REFUGEES

A new guardian of the displaced

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World News Business Summary

Death toll of Saratoga sailors rises to 21

Israeli divers found the body of an American sailor in Haifa bay, taking to 21 the toll of US servicemen who died when their ferry sank at midnight on Friday as they were returning to the aircraft carrier Saratoga from shore leave.

Soviet train crash

At least seven people died and 50 were injured when a gas tanker exploded at the central railway station of Yelinkovo, 300 miles southwest of Moscow, causing two express trains to collide.

Immigrants pour in

The tide of Soviet Jews to Israel turned to a flood over the weekend with the arrival of 5,500 immigrants fleeing food queues and instability in the Soviet Union. Page 3

Chad seeks Habre

Chad is seeking the extradition of former President Hissene Habre, who sought asylum in Senegal after fleeing his country four weeks ago to escape the rebel advance.

Schering to sell organic chemicals subsidiary

SCHERING, German pharmaceutical and chemicals company, is selling its organic chemicals subsidiary, Diamalt, which had a turnover of DM175m (\$117m) this year, because the business does not fit in with its main activities. It is being bought by its management, consulting company, and 31 UK finance group, for an undisclosed sum. Page 13

EUROPEAN Monetary System

Sterling last week remained the weakest currency within the system following speculation that UK interest rates could be cut without a strengthening of the pound. The French franc was also depressed after the Bank of France disappointed the market by not raising interest rates. Tight monetary policy in Spain kept the peseta at the top of the grid, while political uncertainty in the Soviet Union failed to dislodge the D-Mark from its position of strength. Currencies, Page 23

EMS December 21, 1990



The chart shows member currencies of the EMS rate mechanism measured against the weakest currency in the EMS, the British Pound, which rose 0.25 per cent from the previous day.

IRA calls ceasefire

The Irish Republican Army announced a three-day Christmas ceasefire in Northern Ireland with effect from midnight last night. It last declared an official ceasefire 16 years ago.

Row over UK bases

Weekend reports that the UK government plans deep cuts in its defence forces and the closure of two naval dockyards angered the opposition Labour party. Page 4

Slovenia votes

The little Yugoslav republic of Slovenia voted in a plebiscite on independence which could pave the way for its secession. Page 12

Army on stand-by

Surinam's army has been put on stand-by following the resignation of army chief Des Bouterse, according to reports from the capital, Paramaribo.

Township fighting

Seven blacks, including a policeman, died in renewed fighting among political factions in South African townships.

Albanian reshuffle

Albania named a young reformist to a top government post in a wide-ranging economic reshuffle.

Security slip-up

A man posing as a security guard walked away from a Marseilles supermarket with FF1m (\$200,000) after hoodwinking a cashier into believing that he had been sent to collect the takings.

Malaga road deaths

Eight motorists and two Spaniards died when a car crashed into a bus carrying 48 children near Malaga. None of the children was badly hurt.

Burning the books

The east German town of Potsdam has decided to burn some of its library books because it has no more money and no space to store them.

Discordant note

French defence minister Jean-Pierre Chevenement, visiting his forces in Saudi Arabia, cancelled a meeting with his Saudi counterpart after local authorities banned two Christmas rock concerts for the French.

Congress of Peoples deputies will consider request for new presidential powers

Crucial vote for Gorbachev

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev today faces the single biggest challenge to his political and moral authority when he seeks support from Congress of Peoples deputies to grant him sweeping presidential powers.

The powers, which would subordinate the government directly to the head of state, and establish a government inspectorate to enforce presidential decrees throughout the country, were assailed by Mr Nikolai Ryzhkov, his own prime minister.

This latest blow to the Soviet leader came just days after the resignation of Mr Eduard Shevardnadze, his foreign minister.

Mr Ryzhkov, who would almost certainly lose his job in the reshuffle, said the new system was "too unwieldy and hardly viable," and questioned the logic of reinforcing the centre at a moment when the republics were in open revolt.

He said new presidential powers "will not change anything in the country. Is the government short of powers now? No. The problem is that the republics are ignoring its resolutions."

He added: "If the situation in the country does not change, no presidential power will save us. This is why the first thing to do is to win the consent of the republics."

His broadside at the weekend came as President Gorbachev took another big gamble in choosing the republic of Moldavia as the place to attempt to reassert his presidential powers to end inter-ethnic conflict and revive central authority.

In a far-reaching decree issued on Saturday, the Soviet leader ordered the republican parliament to reconcile the warring factions of the Romanian-speaking majority, and the Russian-speaking and Turkic Gagauz minorities, within 10 days, or face the imposition of presidential rule.

His decision could well inflame all sides in the dispute. He has declared invalid attempts by the Russian-speaking and Gagauz minorities to break away from the republic.

Simultaneously, he has demanded that the Moldavian parliament rescind its decision to impose the Romanian language throughout the republic.

At the same time, in a move which seems certain to arouse new fears of martial law in the Baltic republics, he has declared invalid the Moldavian parliament decision which rejects the Molotov-Ribbentrop secret pact of August, 1939, by which the territory of Moldavia and the Baltic republics were incorporated into the Soviet Union.

The parliaments of Estonia, Latvia and Lithuania are already rife with rumours that they will be the next to face martial law. On Saturday, Mr Vytautas Landsbergis, president of Lithuania, called on the Sajudis nationalist movement to prepare "resistance and self-defence measures" to resist military rule.

Against the background of turmoil in the restive outer republics, Mr Gorbachev is desperately trying to put together a two-thirds majority of the Congress of Deputies to win his new presidential powers.

His problem is compounded by boycotting of the assembly by the nationalist deputies from the Baltic republics, as well as Armenia and Georgia.

Mr Ryzhkov said: "If the congress does not approve the constitutional amendments changing the power structure in the USSR, it will be a serious political defeat. He also said that no new Union Treaty would be signed during the next month or two and therefore it was essential first to negotiate an economic agreement between the centre and the republics to allow them to draft compatible budgets for 1991.

In spite of his attack, Mr Ryzhkov said: "Of all those who started the struggle for perestroika in 1985, I am the only one who remains at his side now, after Shevardnadze's resignation."

Today's vote in the Congress of Peoples' Deputies, the supreme constitutional authority, is hanging in the balance on whether to grant Mr Gorbachev his overwhelming authority. There is a real possibility that he will fail to gain the necessary two-thirds majority.

KGB chief's outburst, Page 2
Profile, Page 2

draw his troops by January 15. The US has about 300,000 servicemen in the Gulf region. Numbers will increase to 430,000 by early next month. US allies, including Britain and France, and Arab contingents number about 220,000 men.

Iraq has deployed more than 500,000 troops in or near Kuwait out of a total military of 1m.

According to US intelligence the Iraqis are continuing to dig themselves in along Kuwait's boundaries and on the Iraq-Saudi Arabian border.

No progress was reported at the weekend towards setting a date for a visit to Baghdad by Mr James Baker, US secretary of state. The US has rejected Iraq's proposed January 12 meeting between Mr Baker and President Saddam, and suggested instead a date no later than January 3.

Mr Chadli Bendjedid, Algeria's president, held further discussions over the weekend with European and Arab leaders in an effort to devise a formula to defuse the Gulf crisis, but there was little sign of progress.

Mr Bendjedid met King Hassan of Morocco for five hours of talks late on Saturday. No details of those discussions were disclosed but Algeria's APS news agency said that Iraq "has a real and sincere will for a dialogue and a peaceful solution."

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Time running out in Gulf, says US

By Tony Walker in Cairo

TIME is running out for efforts to avert war in the Gulf, Mr Dick Cheney, the US defence secretary, said yesterday after meeting President Hosni Mubarak of Egypt.

Mr Cheney, who travelled to Cairo from Saudi Arabia where he held discussions with US military commanders, said that in the absence of any hint of Iraqi flexibility the likelihood of war increased by the day.

"Each day that goes by, each week without a sign of Iraqi withdrawal (from Kuwait) moves us that much closer to the point at which members of the coalition may have no other option but to use military force to achieve our objectives," he said.

Mr Cheney had warned Iraq that it risked devastation if it dared use chemical or biological weapons against US forces. Asked if the US might be prepared to use a nuclear device in such circumstances, Mr Cheney at first sought to deflect the question, but then added: "With our full spectrum of capabilities, we would use whatever means necessary to achieve our objectives."

Earlier, in Saudi Arabia, Mr Cheney had warned Iraq that it risked devastation if it dared use chemical or biological weapons against US forces. Asked if the US might be prepared to use a nuclear device in such circumstances, Mr Cheney at first sought to deflect the question, but then added: "With our full spectrum of capabilities, we would use whatever means necessary to achieve our objectives."



Tough stance: US defence secretary Dick Cheney visits US marines at their desert camp

astating. Mr Cheney, who told reporters that US forces were ready for action at a moment's notice, was responding to threats at the weekend by Mr Sadi Mahdi Saleh, Iraq's parliamentary speaker, to use chemical weapons against the "enemy".

Mr Cheney's visit to the region was widely seen as a "deck-clearing" operation before the January 15 UN war ultimatum comes into effect.

He was due to return to Washington late yesterday to report to President George Bush as US troops in the desert were put on alert for possible attack over the Christmas-New

Year period. Hopes of a peaceful resolution of the crisis have dimmed in recent days as Iraqi leaders have repeatedly discounted the possibility of withdrawal from Kuwait.

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Britain considers plan to issue hard Ecu-denominated bonds

By Peter Marsh, Economics Staff, in London

BRITAIN is considering a plan to issue a new range of government bonds denominated in hard Ecu - the parallel currency which it has proposed western Europe should introduce over the next few years as a way of winning over other countries to the hard Ecu concept.

The new issue, under discussion at the UK Treasury, could appear over the next few months, to be offered to international investors. The issue would provide cash either for the UK's official reserves or for public spending, funds for which are under pressure.

Another effect of the issue would be to send a firm signal to financial markets that the government is unwilling to see a devaluation in sterling, which in recent weeks has sunk close to its effective floor in the European Exchange Rate Mechanism of about DM2.35.

By borrowing in the new currency - which would carry a government guarantee that it could never be devalued - Britain would link part of its debt to a new financial instrument whose value would be highly stable. That would be likely to underpin the value of sterling on foreign exchange markets.

The hard Ecu constitutes the central part of Britain's ideas on European economic and monetary union.

The UK says that the currency - which under the UK's plans would be managed by a new European Monetary Fund - could be introduced after 1994 as a way of giving industry and commerce experience in a new, common currency and so reduce transaction costs.

Issuing UK government bonds in the hard Ecu would be a highly innovative act. It would amount to a political first strike on the rest of Europe, particularly countries which doubt the validity of the hard Ecu proposals.

Under the scheme, investors in the hard Ecu bonds would be encouraged to trade them in what would amount to a new hard Ecu securities market.

At least two London-based securities houses have given the Treasury detailed analyses of their views on how the hard Ecu bond issue could be managed.

It is thought that up to Ecu500m (about \$685m) of bonds could be sold initially.

Money raised by the programme would probably flow initially into the UK's official gold and foreign currency reserves. From here some of the cash could be transferred into funds for UK public spending.

The government is likely to need large amounts of money - either from conventional issues of sterling-denominated gilts-edged securities or from the new Ecu bond issue - in the next six months because of lower-than-expected income from taxes and higher spending caused by the UK recession.

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INTERNATIONAL NEWS

Ideological policeman at helm of secret service

By Quentin Peel

GENERAL Vladimir Kryuchkov, chairman of the KGB, the Soviet State Security Committee, looks far more like a self-effacing bureaucrat than a glamorous spy master.

He is an unassuming, balding figure, with rather solid features, who often delivers the most devastating statements with a slight, wry grin. Now, days, he does not often use his official rank of army general, preferring the more anonymous civilian suit, and plain "Mr".

Yet for 14 years he was the head of Soviet external intelligence service, the First Chief Directorate of the KGB, running the international Soviet spy

network. As such, he would have been in the front line of those who realised, years before perestroika began, just how seriously the Soviet Union was starting to lag behind the west in crucial areas of advanced technology.

The other key fact in Gen Kryuchkov's career is his intimate connection with Mr Yuri Andropov, the former Soviet leader who was himself head of the KGB from 1967 to 1982.

The spy chief's intelligence career effectively began with a posting to Budapest in 1956 as third secretary in the Soviet embassy - shortly before the Hungarian uprising and when Mr Andropov was Soviet ambassador.

He followed Mr Andropov to the Communist Party central committee in 1959, where he worked in the department dealing with socialist countries, and when his boss went to the KGB in 1967 he followed him again, effectively as his *chef de cabinet*, as head of the KGB secretariat.

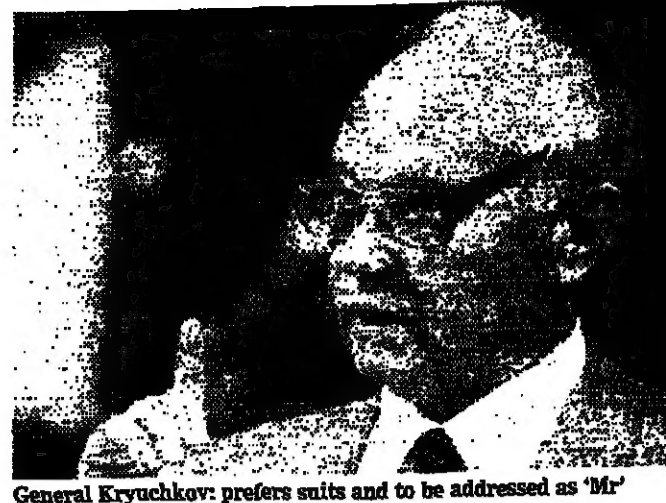
He undoubtedly shares much of the Andropov view of the world: a puritanical view of socialism as the sole true path, but one disastrously distorted by the corruption of the Brezhnev years.

When he was promoted full chairman of the KGB by Mr Mikhail Gorbachev, over the heads of more senior deputy chairmen, it was widely wel-

comed as the appointment of a more pragmatic man from the external arm of the organisation.

But his recent statements have underlined that he still shares a decidedly xenophobic view of the outside world, instinctively mistrustful of all foreign relations. He is open enough to give press conferences but, when questioned by foreign correspondents, he always manages somehow to underline their "alien" attitudes.

As for his view of the Soviet economy and politics, it remains the view of an ideological policeman, rather than a sensitive politician. That is the view that has recently emerged so strongly.



General Kryuchkov: prefers suits and to be addressed as 'Mr'

Kryuchkov tries to rally conservatives behind today's crucial vote on new powers for Gorbachev

KGB chief's outburst recalls dark days of Soviet xenophobia

By Quentin Peel in Moscow

JUST at the moment when the western world, from governments to banks, businessmen and humble individuals, is agonising about how best to help the Soviet Union, General Vladimir Kryuchkov, head of the KGB security service, launches a bitter attack on all forms of foreign "interference".

From an international point of view it could scarcely have had more extraordinary timing. In his address to the Congress of People's Deputies on Saturday, Gen Kryuchkov used the undisguised language of the Gorbachev era to denounce the activities of foreign intelligence agencies, of "western experts" (presumably like the International Monetary Fund and World Bank), of joint venture investors, and traders with the Soviet Union, all of whom he implied were involved in some monumental conspiracy to undermine his country.

Yet from a domestic perspective, it was perhaps partially understandable. For Gen Kryuchkov, and through him President Mikhail Gorbachev, is desperately trying to woo conservative support for the preservation of a united federation, and for granting the Soviet leader sweeping new powers to enforce it.

Today's vote in the Congress of People's Deputies, the supreme constitutional authority, is hanging in the balance on whether to grant Mr Gorbachev his overwhelming authority. There is a real possibility that he will fail to gain the necessary two-thirds majority of the full assembly, and suffer a possibly irreparable defeat.

In that light, alienating the international community is a secondary consideration to the paramount need to preserve the union. Moreover, it is possible that what is left of the Soviet leadership has decided that, with the dramatic resignation

of Mr Eduard Shevardnadze as Foreign Minister, what was left of western support will have all but evaporated.

On the other hand, it is scarcely a total explanation for a xenophobic and bitter speech by the KGB chief, which has left the western diplomatic and business communities in

his third in recent weeks. On the first occasion he merely suggested, at a press conference, that joint ventures with foreign companies - for which Soviet officials have secured the world for the past three years - had embroiled Russia.

On the second occasion, on Soviet television last week, he

stepped up the assault to include western intelligence agencies which, he said, had intensified their spying in the wake of glasnost.

On Saturday, he added invective and detail to the charges.

He charged that no less than 40 per cent of western grain was sub-standard: "Exploiting

our mismanagement, they deliver adulterated and sometimes diseased grain, foodstuffs with higher than normal levels of radioactivity, and containing harmful chemical substances."

He accused the west of deliberately encouraging a brain drain to deprive the Soviet Union of its leading scientists

and specialists. "Particular attention is paid to those (emigrants) involved in high technology," he said. "Whole programmes are being drafted to inspire a brain drain from the USSR."

On the day after publication of the IMF-World Bank report on Soviet economic reform, he

accused "outside forces" of imposing "doubtful ideas and plans to pull the country out of the difficult situation. All these efforts often screen a desire to strengthen not so much us, as their own positions in our country."

As for foreign secret services stepping up their actions, he directly accused the US Central Intelligence Agency of stirring up labour unrest through the "CIA-financed People's Labour Union."

He accused foreign businessmen of cashing cheques for Soviet co-operative, commercial and provincial banks, so that some Rb12bn was sitting in Swiss banks, waiting to flood back into the country and destabilise the currency at a future date.

Somehow, he also managed to suggest that the collapse in Soviet oil exports - from 127m tonnes in 1989, to an estimated 101m tonnes this year, and as

little as 61m tonnes next year - was a result of some sort of unidentified sabotage.

Having said all of which, he admitted that the greatest threat to the country came from within, not from outside, and centred on the exacerbation of ethnic relations. He charged that more than 20 nationalist organisations in the country had their own "paramilitary formations or armed units of militants," singling out the Ukraine, Lithuania, Latvia, Estonia, Georgia and Armenia.

He said the security forces had registered more than 400 armed detachments numbering more than 26,000 people.

In all, his entire performance was one designed to alienate any potential foreign investor in the Soviet Union. It remains to be seen today if it has succeeded in winning enough votes to gain Mr Gorbachev his new constitutional powers.

Mr Manfred Stolpe, the new Social Democrat prime minister of the east German state of Brandenburg, and Mr Günter Eichhorn, former head of the body charged with winding up the Stasi, were forced to deny at the weekend that they worked for the organisation.

This follows last week's resignation from the Bonn government of Mr Lothar de Maizière, the former East German prime minister, after persistent newspaper reports of his former Stasi links.

Earlier this month, Mr Diethelm Schröder, a leading journalist on the news magazine Der Spiegel, was named as a spy by an east German agent now "selling all" to the west German authorities.

Mr Stolpe, a leading official in the East German Protestant church, denied exchanging information with the Stasi on east German Church dissidents. He said he was willing to have his record examined by the Brandenburg state parliament.

Mr Eichhorn was said in newspaper reports yesterday to be under investigation by German public prosecutors. This concerned his alleged granting of preference to ex-Stasi officials discreetly reacquiring Stasi assets after the anti-Communist revolution last autumn.

Mr Eichhorn, a former east German finance ministry official, denied the allegations and said he knew nothing of any investigations.

There is a strong suspicion that settling of political and personal scores play an important part in some of the press allegations about individuals' Stasi connections.

Bishop Martin Kruse, head of the central council of the German Protestant Church, yesterday termed as "unbelievably irresponsible" the campaign against Mr Stolpe, which first surfaced last week in the conservative Bonn daily Die Welt.

Mr Stolpe concedes that he took part in more than 1,000 separate talks with East German state authorities to help people who had fallen into difficulties with the oppressive regime of Mr Erich Honecker, the former East Berlin leader.

As a result of these conversations, the Stasi organisations had probably gathered "several kilos" of reports on him.



A demonstrator makes his point in Tirana at the weekend at an opposition party rally

Alia sacks more cabinet ministers as opposition party holds rally

Albania seeks to contain unrest

By Laura Silber in Belgrade and Our Foreign Staff

THOUSANDS of Albanian demonstrators held an opposition rally on Saturday as Mr Rrahman Aliu, the president and leader of the ruling Party of Labour (APL), sacked several cabinet ministers in an attempt to contain political unrest and confirm his commitment to reform.

Mr Sali Berisha, a leader of the newly-founded Democratic Party, which organised the rally, read a list of demands to the crowd in Tirana, the capital. Demonstrators shouted slogans in support of freedom and democracy and waved banners saying "Albania must join Europe". This was the largest opposition rally since the orthodox Communist country was founded after the Second World War.

The demands included the release of all political prisoners, postponement of elections until May and the revision of the new election law.

Mr Berisha said: "The election to the APL, on which the party in power, is not suited to Albanian conditions and the Albanian mentality." However, the party did not call for the release of those who were sentenced last week following anti-government demonstrations by thousands of workers

in the cities of Durres, Elbasan and Shkoder. The party also set up its own newspaper in an attempt to break the monopoly of the state-controlled press.

The wave of demonstrations, and growing confidence of the Democratic Party, which has adopted a more outspoken stance towards the APL over the past few days, may explain why Mr Aliu sacked a further four cabinet ministers. Seven ministers and half the members of the policy-making politburo were dismissed on December 11.

Albania's state-run television announced on Saturday that Mr Fatos Nano, an economist and adviser to the Communist party's central committee, had been appointed general secretary to the government.

The finance minister had been replaced.

Mr Nano, an economist and widely regarded as a pragmatist, had been advising the government, which is subservient to the APL, on ways to improve the country's stagnant economy. After four decades of rigid central planning and economic and political isolation, Albania is the poorest country in Europe.

The changes appear to confirm the APL's growing sense

of insecurity.

Its decision last week to impose sentences of up to 20 years' imprisonment on participants in recent anti-government demonstrations contradicted Mr Aliu's concessions to the opposition. The "hot and cold" policy is widely interpreted by Albanian intellectuals and western diplomats as Mr Aliu's attempt to blend strict civil control with a bow in the direction of reform.

The APL is due to hold a special conference on Wednesday to map out its future and its strategy for elections scheduled for February 1991.

Albanian academics yesterday said the APL might follow its counterparts in eastern Europe by changing its name and presenting itself as a more liberal, left-of-centre group.

The Democratic Party, formed amid student unrest, has called for the elections to be postponed until May to give it more time to organise.

A diplomat based in Tirana said: "The opposition is chipping away at Mr Aliu's power base. Their calls for the release of political prisoners would bring the real enemies of the regime to the political arena, which would destroy Mr Aliu's control over the country."

Leading Albanian intellectuals have set up the country's first independent human rights group.

"Our activity will be to press for the release of all political prisoners in Albania and to monitor legal procedures," said Mr Arben Puto, chairman of the Forum for the Defence of Human Rights.

Mr Puto said he did not know how many political prisoners there were in Albania, but said it was rumoured there were several thousand.



Grazed Pashko addresses a rally at the weekend

Gloomy economic outlook for most Nordic states

By Robert Taylor in Stockholm

ANOTHER year of very poor economic growth for Sweden, Denmark and Finland is forecast for 1991 in a report published by the Nordic industrial employers' federations.

But the outlook is brighter for Norway, and probably Iceland, which will be "exceptions" to the survey says.

Forecasts an average of 0.7 per cent growth in the Nordic region next year, compared with 2.0 per cent in OECD Europe. This will be the fourth consecutive year that the Nordic region has lagged behind.

The survey suggests that the strength of the German economy - a large importer of goods from Scandinavia - should be a favourable factor, but that the recessions in the US and Britain will work in the

other direction and the Nordic market itself will continue to be sluggish.

Optimism about Norway stems from forecasts that oil exports will rise by 8 per cent in 1991, with a presumed price of crude oil of \$26-\$27 a barrel. This will produce a trade surplus equivalent to between 7 and 8 per cent of Norway's gross domestic product.

The balance of payments surplus is expected to triple from NKr11.3bn (\$1bn) this year to NKr34bn, while consumer prices will rise by 4.9 per cent compared with 4.2 per cent this year.

Iceland's growth rate is forecast to reach almost 2.5 per cent compared with 0.2 per cent in 1990, but this assumes approval for the building of

power plants to supply a proposed new aluminium smelter.

The country still faces serious structural problems, mainly because its fishing industry capacity far exceeds the catch quotas intended to preserve the country's fish stocks.

But the report predicts only 1.8 per cent unemployment, inflation of 3.7 per cent (much less than the last three years), and an 11.3 per cent growth in gross fixed investment.

The gloomiest outlook is for Sweden. Unemployment is forecast to rise from 1.6 per cent to nearly 4 per cent, with output declining by 0.4 per cent, a SKr78bn (£7.2bn) balance of payments deficit, a 15 per cent drop in industrial investment, and consumer

price rises running at 10.5 per cent.

Even Sweden's once favourable trade balance is set to decline from SKr10bn this year to SKr7bn in 1991.

Finland is also set for a deepening recession after a long period of growth. The report forecasts that the country will have zero growth rate in 1991 with a 9.0 per cent fall in gross fixed investment, a 1.3 per cent decline in domestic demand and a 6 per cent rise in prices.

However, the current account deficit is expected to stabilise at around FM24.4bn (€2.4bn), or 5 per cent of Finland's gross domestic product.

The outlook for Denmark is considerably better than for some years, with a predicted 3.8 per cent consumer price

increase, a DKr24.9bn (€2.2bn) trade balance and DKr3bn balance of payments surplus.

Growth is forecast to be 1 per cent, while investment in the non-energy private sector will rise by 7 per cent. But unemployment is expected to continue to remain high at 9.8 per cent.

Norway's exports of traditional goods rose by 6 per cent in value this year to NKr113.3bn, according to preliminary estimates by the Norwegian Export Council.

The Council says is the fourth year running that Norway has increased exports of traditional goods. Export volume in 1990 increased by 11 per cent, but prices for raw materials declined.

Bonus for German shops

CONSUMERS from former East Germany helped bring a bumper Christmas to German retailers, boosting turnover in West German shops to DM25.5bn (\$8.8bn) - up nearly a fifth on last year, Reuter reports from Bonn.

The boom was largely due to demand from 16m former East Germans.

Eastern Berlin, Leipzig and other cities in former East Germany struggled to meet the demand from local shoppers still shaking off the deprivation of four decades of communist rule.

Store detectives were being kept busy by a jump in store thefts. A sign in the window of one store in Berlin's Spandau district said the rise in theft had been "catastrophic".

The boom includes the huge German mail order houses,

which pride themselves on their prompt filling of customers' orders.

Some customers of the Otto catalogue store have been getting letters saying that the high number of orders "from East and West" have slowed delivery and that Otto can't make guarantee orders arriving before Christmas.

Of those who were not out shopping, tens of thousands of Germans were heading south for skiing holidays.

Just how long the good times in Germany can go on remains to be seen when recessions loom in the US and Britain, two of Germany's big export markets. Many are predicting an overall economic slowdown next year, as the full costs of German unification hit the country's manufacturers and consumers.

Spanish gamble on Santa

By Tom Burns in Madrid

TOP FURRIERS stand to do good business in Madrid's working-class suburb of Alcorcon over Christmas and Jaguar car salesmen - who find Spain a tough market - might break through in the town of Aliria, near Valencia, where a small steel appliances plant is virtually the sole employer.

Alcorcon and Aliria were among a dozen Spanish locations which boasted hundreds of instant millionaires over the weekend, as the National Christmas Lottery showered an ever-eager consumer society with 60 top prizes of Ptas250m (£1.4m) each.

Spain's Christmas lottery, which pays out 70 per cent of its income - the Treasury keeps the balance - is allegedly the most bountiful in the

world. Gambling, one of Spain's favourite pastimes, hits a fever-pitch with the Christmas lottery.

The nation comes to a standstill as the numbers are drawn, the show broadcast live on television and radio. El Gordo (the fat one), as the top prizes of Ptas250m are known, mesmerises Spaniards, who are at the bottom of the European Community's per capita savings league but who will spend upwards of Ptas5,000 per household in the hope of earning a holiday windfall.

Asked what she would do with her Ptas prize, Julia, 45, an Alcorcon housewife, said: "A great Christmas, a motor-bike for my son, and a very good fur coat for me."

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INTERNATIONAL NEWS

THE MIDDLE EAST
Britain turns to allies for ammunition stocks boost

By David White in London and David Marsh in Bonn

BRITAIN is negotiating with its NATO allies to secure ammunition for its Gulf forces free of charge. It has had to turn to the US, Germany, and the Netherlands to boost its own supplies of 155mm howitzer shells and munitions for multi-launch rocket systems.

Officials are discussing possible terms for "borrowing" the ammunition, which could be returned in the event of a conflict being averted.

This month, Mr Tom King, UK Defence Secretary, appealed to allies to increase their practical support. Several countries, including Belgium and Spain, are helping with the airlift of British reinforcements to Saudi Arabia, and Portugal has provided a chartered ship.

Britain yesterday denied reports of an ammunition shortage among its forces in the Gulf, but acknowledged that Germany and the Netherlands had offered to supply ammunition for its troops there.

"We are confident that the ammunition already there [in the Gulf] or in transit is sufficient for our purposes," said the Ministry of Defence.

"All the ammunition that has gone so far to the Gulf comes from our own stocks... but we welcome the offers," the ministry said. "It's part of the multi-national contribution to the defence against Iraqi aggression against Kuwait."

The MoD was responding to a BBC report that said Britain was unable to maintain ammunition stocks at war levels even though British production lines were working at full capacity.

Concern grew yesterday within the German government about the apparent build-up to war in the Gulf. A senior Bonn government official said that Germany was in the dark about the intentions of the US military, but voiced fears that these could include a direct attack on Iraq.

Unlike in the Vietnam war, a conflict in the Gulf "would directly affect Europe," the official said, adding: "We would not be able to stay on the sidelines."

Chancellor Helmut Kohl has been hoping for a compromise to win an Iraqi withdrawal from Kuwait. The apparent cancellation of chances of such an accord are raising worries in Bonn that German public opinion would prove unwilling to back US military action.

Mr Hans-Jochen Vogel, leader of the opposition Social Democratic Party, said Bonn was being dragged into a war by the US. He said the idea that an "automatic mechanism" would lead inevitably to war with Iraq.

Bonn is concerned about the economic consequences of a war, both in connection with its own position and because of the inevitable effect this would have in deepening pessimism about the outlook for the Soviet Union and eastern Europe.

Gulf leaders edge towards Iran

by Tony Walker in Cairo

RULERS of Gulf states decided at the weekend to seek closer ties with Iran, so as to counter military threats from Iraq.

They are discussing new security arrangements to guard against further upheaval in the region.

In the shadow of a possible war, jittery member states of the Gulf Co-operation Council - at their annual summit, held this year in Qatar - were determined to tighten mutual defence co-operation.

Sheikh Khalifa Bin Hamad al-Thani, the Emir of Qatar and the summit's host, said: "We need to establish a more effective security system to... shield our region against the recurrence of aggression."

The GCC - formed in 1981 and including Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Oman and Bahrain - has been rocked by the Iraqi invasion of Kuwait on August 2. Its leaders admitted the organisation's failure to deter Iraqi aggression.

Efforts to improve relations with Iran have been stepped up. Gulf rulers now believe that Iran needs to be strengthened, to act as a counterweight to Iraq.

Saudi Arabia, which dominates the GCC, has recently been edging towards the resumption of relations with Tehran, which were broken off in 1988 after Iranian pilgrims had rioted in Mecca the previous year. It now seems only a matter of time before ambassadors are exchanged.

Such a development would help set the tone for closer co-operation between the oil-rich GCC states and Iran, which desperately needs assistance to rebuild its shattered economy after the ravages of the eight-year war with Iraq.

Gulf rulers also discussed, in closed sessions at the weekend, what accommodation might be reached with Iraq, if it were to agree to remove its forces from Kuwait peacefully.

Discussion focused on possible arrangements that might allow Iraq, which is virtually land-locked, to lease Kuwaiti islands at the head of the Gulf so as to obtain access to the sea.

However, Kuwait's representatives were said to be insisting that there should be no hint of compromise.

Opinion was divided among Gulf rulers as to whether sanctions, joined with Arab and other international peace efforts, should be given more time to work before military action were initiated against Iraq.

Israel grapples with rising tide of Soviet Jewish immigrants

THE tide of Soviet Jews to Israel turned to a flood over the weekend with the arrival of 5,500 immigrants fleeing food queues and instability in the Soviet Union, Reuter reports from Jerusalem.

"The current situation in the Soviet Union - growing tension, political instability and uncertainty - has the effect of making a growing number of Jews decide to come to Israel now, not in a week or a month," a Jewish Agency spokesman said.

The agency is organising the exodus. It said up to 50,000 Jews in the Soviet Union already had valid visas for Israel.

"This wave is not going to stop. We have to get used to a new phase in the immigration to Israel. Three weeks ago, the number of arrivals was 800 a day. Now we should expect 1,200 to 1,500 a day," the spokesman added.

The agency expects the country to have 1m Soviet immigrants by the end of 1991 - a rise from 500,000 at the end of 1989, the agency said, adding that the surge was in line with agency forecasts of 400,000 arrivals in 1991. About 200,000 are expected this year.

Religious leaders approved flights normally banned on Saturday, the Jewish Sabbath, under a principle in Jewish law which gives the saving of human life priority over other religious obligations.

Zambia maintains sense of perspective over Aids

Mike Hall examines a change in social attitudes

A SA topic for discussion in Lusaka's many drinking houses and markets, Aids comes a close second to multi-party politics. Zambia marked World Aids Day recently with the Ministry of Health and numerous local voluntary organisations pushing the safe sex message through posters, radio and television, and condom hand-outs.

There has been a marked shift in official attitudes over the last three years. Few Zambians talked openly about Aids before then. The turning point came when President Kaunda bravely announced in 1987 that one of his own sons had died of the disease. "It helped us a lot," said one health worker.

But how serious is Aids? Zambia, like other countries, has scant knowledge on how many of its 8m people have been infected by the immunodeficiency (Aids) virus.

Official statistics show a total of 3,355 full Aids cases and 287 deaths between 1988 and June this year. Of another 12,815 people reported HIV positive over the same period, 461 have died from "Aids-related complexes". The figures are derived from patients attending about 200 hospitals throughout the country, and it is widely accepted that they do not give a true picture of the extent of the disease.

"Aids specific mortality figures are hardly available," said an official report recently, "as most Aids patients who die are not registered as Aids deaths and many others may have died at their homes without any registration."

The secretary-general of the ruling party recently announced that in urban areas up to 24 per cent of pregnant women carry the virus. Just less than half their babies would be infected.

However, government experts say these figures are either unreliable or unrepresentative of the country as a whole. They are reluctant to divulge their own projections.

People are obsessed with making predictions," said Dr Ben Himonga, the government's Aids manager. "We are not helping the community by publishing reports that only lead to fear and confusion. It encourages stigmatisation of those identified as Aids patients or suspected of being infected."

Reliable statistics or not, Zambia acknowledges Aids as a severe problem, placing an enormous strain on health and social services, contributing to child mortality, the breakdown of the extended family and a rise in the number of orphaned children.

President Kaunda told a political rally recently: "It is important that, as your leader, I speak plainly. We have lost in Zambia many brilliant young men and women because of Aids." Although there is little reliable research on the full impact of the disease, perception of the problem has caused a mushrooming in activity by government, voluntary groups and aid donors.

The government says it can now screen 75 per cent of all donated blood. There are trained counsellors in every district hospital where basic supplies are available and

Students demand trial of Ershad

MORE than 1,000 student demonstrators yesterday marched in the streets of Dhaka, demanding immediate trial for deposed President Hussain Mohammad Ershad of Bangladesh, witnesses said, AP reports from Dhaka.

The students, from Dhaka University, have been at the forefront of efforts to oust Ershad. They vowed to hold national demonstrations on Wednesday to press for the trial of Ershad and his associates.

Ershad, a former army general who seized power in a bloodless coup eight years ago, stepped down on December 6.

Surinamese army on stand-by

Surinam's army has been put on stand-by following the resignation of army chief Desi Bouterse, the Dutch news agency ANP reported from the Surinamese capital Paramaribo yesterday. Reuter reports from Amsterdam.

He said he was resigning because President Ramsewak Shankar had failed to protest to the Netherlands after Dutch police stopped him meeting journalists while in transit at Amsterdam airport.

Bouterse seized power in Surinam in a military coup in 1980, five years after it had obtained independence from the Netherlands. Surinam returned to civilian government in January 1988 under Mr Shankar.

Chinese state of war to end

The Chinese Nationalist government on Taiwan will formally end its state of war with the People's Republic of China, it was declared yesterday by the Nationalist government in Taipei.

Presidential spokesman Cheyue Chin said the decision would be expected to help moves to reunify China and Taiwan, which have been separated since 1949 when the Nationalists retreated to the island, having lost a civil war to the Communists on the mainland.

Pakistan receives offers of oil

Pakistan has received offers from 20 international oil companies to supply 1m tonnes of oil products for the first quarter of 1991, officials said, writes Farhan Bokhari in Islamabad.

The oil minister, Mr Nisar Ali Khan, said that Pakistan has no commitment for oil imports from January to April next year. Mr Khan is due to visit Saudi Arabia, Abu Dhabi and Iran next month, in an attempt to seek oil, economic assistance and export markets.

Blacks killed in S Africa

Seven black people, including a policeman, have been killed in renewed fighting among political factions in South African townships, police said yesterday, Reuter reports from Johannesburg.

The policeman was shot dead while guarding a woman's hostel in Alexandra township, north of Johannesburg, on Saturday night. Six other bodies were found in the Natal township of Kwa-Makatsi, Matumbisa and Dongonyana yesterday morning.

About 4,000 people have died in the battles for political supremacy in Natal townships since January 1987.

Vietnam complains over workers abroad

The Vietnamese government has complained to Bulgaria about the maltreatment of Vietnamese workers there, the official Radio Hanoi reports, AP writes from Bangkok.

Vietnamese Deputy Foreign Minister Vo Khacnam handed a memorandum to Bulgarian Ambassador Geno Toshkov, saying that Vietnamese workers "have been manhandled by bad elements" in various parts of Bulgaria recently.

Some 24,000 Vietnamese work in Bulgaria, mainly on construction projects.

Chad given aid by France

Chadian Foreign Minister Ahmad Soumguui yesterday he had received \$30m in aid from France, his country's former colonial power, Reuter reports from Paris.

"That is just about what we asked for. It is a minimum to get the country going again," Soumguui said at the end of an official visit to Paris.

He gave no details, but French radio said \$60m was to cover a deficit in Chad's budget this year and the remainder would go into the 1991 budget. French officials had no immediate comment.

India to introduce privatisation

By David Housego in New Delhi

THE NEW Indian administration plans to announce limited privatisation measures, as part of emergency moves to meet the country's fiscal and balance of payments crises.

Among measures under review to increase foreign exchange earnings are potentially controversial schemes to allow resident Indians to repatriate foreign exchange illegally held abroad, and to offer dual nationality to non-resident Indians.

Senior officials say that the latter measure would allow Indians living abroad to purchase an Indian passport for \$1,000 to \$2,000. This would enable them to visit India more easily and to acquire land, but would not provide voting rights.

The measures, as disclosed by senior ministers and officials, reflect the increased pragmatism of Mr Chandra Shekhar's administration, which has begun by calling itself socialist.

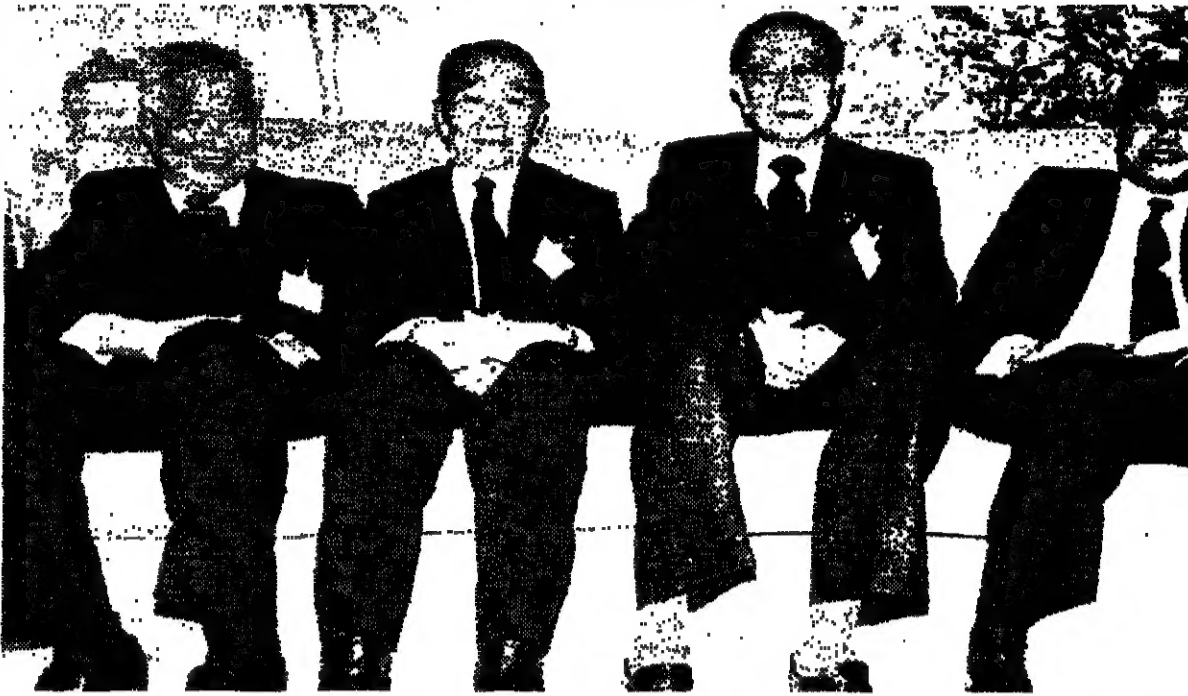
They also reflect the government's readiness to embrace almost any short-term expedient that avoids the conditionalities of structural adjustment which would accompany a large borrowing from the International Monetary Fund.

Mr Shekhar confirmed, at his first news conference in Delhi at the weekend, that India was negotiating with the IMF, but also that it was hesitant about the conditions that would be attached to a large borrowing.

Senior ministers revealed that the privatisation proposals would allow public sector groups - such as Air India and the Oil and Natural Gas Commission - to bring in private shareholders by raising funds through the stock market which would dilute their equity. Mr Shekhar publicly ruled out privatisation at his news conference, though this was thought to refer to asset sales.

The proposed measure that would allow Indians to repatriate illegally held foreign exchange will come under strong attack as rewarding those who have built up their fortunes illicitly. Also, any decision to allow non-resident Indians to buy an Indian passport will be resented as favouring those considered to have deserted their country.

Ministers say that the area Mr Shekhar is least likely to liberalise is foreign investment, where he remains hostile to any increase in influence by multinationals.



Meeting for the first time since 1979, four Cambodian leaders in Paris at the weekend are (from left) Khieu Samphan of the Khmer Rouge, Kong Som Ol of the Phnom Penh government, Son Sann and Norodom Ranariddh of two non-communist guerrilla factions

Cambodian peace talks make progress

By Ian Davidson in Paris

CAMBODIAN government and opposition groups have moved close to agreement on the broad approach of the UN peace plan for Cambodia, in two days of negotiations which ended in Paris early yesterday.

The peace plan, sponsored by the five permanent members of the UN Security Council, would involve handing over broad political powers to a transitional UN administration, which in turn would implement a ceasefire and supervise free elections.

A final communiqué said that the Cambodian Supreme National Council, which includes the Phnom Penh government of Mr Hun Sen and three opposition groups, agreed with "most of the fundamental points" of the draft peace plan.

The three opposition groups include the Khmer Rouge, the supporters of Prince Sihanouk, and the right-wing nationalist group of Mr Son Sann.

The main sticking points in the weekend negotiations were the objections of the Phnom Penh government to the provisions in the UN peace plan which require demobilisation and disarmament of military forces in Cambodia. It appears that Mr Hun Sen is also insisting that the peace plan should mention "genocide" in a reference to the record of the Khmer Rouge left-wing guerrillas when in government.

After the meeting Mr Roland Dumas, French Foreign Minister, said "the argument is now very circumscribed, very limited", and added that the negotiation "gave some hope" for the peace plan.

In the next stage of negotiations, the remaining differences will be referred to a meeting of the co-ordination committee of senior officials of the participating groups, which Mr Dumas said should "reasonably" take place during the first quarter of 1991.

This should pave the way for a formal reconvening of the International Paris Conference on Cambodia. But Mr Dumas said that an important condition for the recall of the conference would be that "all the parties to the conflict should show real restraint on the field of battle".

A new guardian of the displaced

Stefan Wagstyl profiles the UN High Commissioner for Refugees

MR SADAOKO OGATA, the Japanese professor who has been named UN High Commissioner for Refugees, is under no illusions about the challenge of her new post.

She has the quiet manner of a scholar, but the 63-year-old showed at a weekend news conference plenty of the mental toughness she will need trying to help the world's displaced millions.

"The number of refugees has doubled in the past 10 years. I would hope that kind of doubling will not continue. But, from what I have read and reports, I believe the refugee situation is quite likely to get worse," she said.

In Asia and in Africa, the position of refugees was serious, she said. In Latin America, the situation had improved after the removal of certain military dictatorships.

However, there was now great concern in Europe about the possibility of more refugees from the Soviet Union. "The question is what happens in Europe," she said, "a global implication."

Mrs Ogata comes to the post with a formidable record of work for the UN and for refugees. In 1978-79, she was Tokyo's representative at the UN, one of the few Japanese women to have reached ambassadorial rank and the only one to have filled such an important post. She was the UN special emissary to investigate the plight of Cambodian refugees on the Thai-Cambodian border.

She has been Japan's representative on the UN Commission for Human Rights and chair of the executive board of the UN Children's Fund. She recently completed a UN-sponsored human rights mission to Burma.

Mrs Ogata's appointment will raise expectations that Japan, the second-largest donor to the UNHCR after the US, may increase its contribution. A sudden rise in Japanese aid seems unlikely, but Mrs Ogata hopes that some extra support may be forthcoming. Asked about increased Japanese aid, she smiled at the Foreign Ministry officials with her and said: "My government has promised to support me."

She is aware that Japan has had a poor reputation in the past regarding its willingness to admit refugees, but she said the position had changed in the decade since 1979, when the government admitted refugees for permanent settlement for the first time. "I'm not saying that the changes are enough, but I think we are heading in the right direction."

The traditional Japanese idea was that, as a densely populated and culturally homogeneous country, Japan could not afford to admit refugees, said Mrs Ogata. Even so, Japan was becoming more open. Most refugees, though, preferred countries with long histories of openness to refugees, especially the US and Canada.

Some 7,000 refugees have settled in Japan, well short of a government quota of 10,000. Tokyo regularly sends "recruiters" to East Asian countries, but not with much success.

Mrs Ogata said that, as well as dealing with outflows of refugees and with their resettlement, the UNHCR had to become involved in prevention - that is, in trying to deal with difficult conditions before people felt forced to flee their homes. "Reaction alone is not enough," said Mrs Ogata.

Prevention was particularly important in dealing with economic refugees - those who fled poverty rather than political oppression. Mrs Ogata said economic development aid could be used to encourage such refugees to return home.

She was asked about the controversy over Vietnamese refugees in Hong Kong, who are being repatriated if they do not oppose returning to Vietnam, and about the repatriation to China of Chinese who arrived in Japan posing as Vietnamese boat-people.

Mrs Ogata said the solution to each problem was different - however, "as a matter of principle, I am against forcible repatriation."

Menem to pardon former army rulers

By Our Foreign Staff

PRESIDENT Carlos Menem hopes to heal Argentina's wounds by a controversial move to pardon former military rulers and a guerrilla leader jailed for crimes committed during the internal mayhem of the 1970s.

"The pardons" will come before the end of the year. I am sure that, with this, I will close an old wound in our country," Mr Menem said in a magazine interview.

The president plans to free two former military presidents, General Jorge Videla and Gen Roberto Viola, a former junta member Admiral Emilio Massera, former police chiefs Gen Ramon Campes and Ovidio Richeciari, and a former Peronist guerrilla leader Mr Mario Firmenich.

According to an official inquiry in 1984, the year after the military relinquished power to an elected government, about 9,000 people disappeared - and government forces abducted, tortured or killed thousands more - during the campaign by the previous regime to quash guerrillas and dissidents.

Mr Menem hopes to give the armed forces, which have staged six successful coups in their country this century, a chance to reconcile themselves with civilians and to return permanently to the constitutional fold - goals his critics doubt that the pardons will achieve.

Opposition politicians, human rights groups and members of Mr Menem's own Peronist party say a violent rebellion by nationalist army and coast guard personnel on December 3 indicated he was facing an impossible task of reconciliation.

Mr Menem had pardoned some of the leaders of the uprising last year for their part in three revolts under his predecessor, Mr Raul Alfonsin. However, the captured rebels could now face firing squads.

"First he pardoned them and now he wants to shoot all of them," Mr Alfonsin, leader of the Radical party, said this week.

Human rights groups, which argue that nearly two-thirds of Argentines oppose the pardons, say the measure is unfair because it creates inequality.

Mr Menem, who was under arrest for five years without formal charges during the military regime, promised the pardons last year.

They follow those he gave in October 1989 to dozens of armed forces members and former guerrillas involved in the civil strife, and to hundreds of nationalist rebels.

Gen Videla, Gen Viola and Adm Massera were sentenced to long prison terms by a civilian court in 1985. The decision was hailed by human rights groups as a rare bringing to justice of Latin American political strongmen.

"The government wants to erase our memories but we will not forget. The day after Menem announces the pardons, we will gather in every square in every city to protest," said Mrs Graciela Fernandez Meljide, an Argentine human rights activist whose teenage son disappeared during the strife.

WORLD ECONOMIC INDICATORS					
TRADE STATISTICS					
		Oct '90	Sep '90	Aug '90	Oct '89
UK (£bn)	exports	8,748	8,775	8,530	8,142
	imports	9,812	9,588	9,738	9,827
	balance	-1,064	-813	-1,200	-1,685
France (FFfrn)	exports	102,442	93,980	96,313	95,888
	imports	108,307	104,803	103,530	104,475
	balance	-5,865	-10,823	-5,217	-8,607
Japan (US\$bn)	exports	25,187	24,273	23,458	22,015
	imports	19,280	18,600	17,448	16,521
	balance	+5,887	+5,673	+6,012	+5,494
US (\$bn)	exports	34,773	32,010	32,549	31,437
	imports	48,384	41,336	42,282	41,588
	balance	-11,611	-9,326	-9,734	-10,152
W. Germany (DMbn)	exports	55,50	51,80	54,50	53,60
	imports	48,10	47,20	47,80	45,50
	balance	+7,40	+4,60	+6,70	+8,10

PORTSMOUTH

The FT proposes to publish this survey on
January 25 1991.

It will be of particular interest to the 61,000 businessmen involved in decision making about office property who are regular FT readers. If you want to reach this important audience, call Clive Booth on 071 873 4152 or fax 071 873 3078.

FT SURVEYS

AGREED STATEMENT

In advertisements which were published on 2nd October 1990 and 5th November 1990, Securix Omega Express announced their change of name. The advertisement included a picture of the Securix Omega Express and also a reference to the fact that the change of name was in its final stages. Neither Mr. Clive Booth nor the Financial Times were consulted or informed of this change of name. It is therefore agreed that the Financial Times will not publish any further advertisements for Securix Omega Express.

In order to bring proceedings commenced by Mr. Clive Booth to a swift close, it has been agreed that this statement will be made in Open Court and be published in the Financial Times and Daily Telegraph. In addition, Mr. Clive Booth's costs have been paid in full.

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Much the same as us no doubt. A pioneering Peter Berlin explored Yukon territory twice the size of the UK with a population of 30,000 souls plus the odd wolverine, coyote and grizzly. Robin Lane Fox donned his loin cloth and retreated to the tree house for Christmas. Lucia van der Post thumbed through some coffee table DIY manuals - handy for making coffee tables and

What did you get up to this Weekend?

putting together the odd pot-pourri or pomander, perhaps. Christian Tyler listened as 81-year-old publisher Jock Murray stepped in and out of the past. Jancis Robinson tracked down value-for-money tipples in the High Street chains.... and so it went on.

If your Weekend was a little less colourful, pick up a copy of the Weekend FT next Saturday and join us.

Weekend FT

UK NEWS

Opposition MPs urge statement on suggestion that naval base faces closure

Government pressed on defence cuts

LABOUR, the main UK opposition party, is to demand a parliamentary statement on the government's plans for cuts in the armed forces after MPs return from the Christmas recess on January 14.

Mr Martin O'Neill, the opposition spokesman on defence, called for the statement after weekend press reports that the government was planning deep cuts in troop numbers, with up to 100,000 military and civilian redundancies and the closure of the naval dockyards at Rosyth, Scotland, and Portland, on the English south coast.

Mr O'Neill said: "It seems strange that with 30,000 troops in the Gulf and the Soviet Union in a state of uncertainty that the plans for cuts in the army should be so far advanced."

Mr Gordon Brown, Labour party spokesman on trade and industry, said he would seek an urgent meeting with Mr John Major, the prime minister, to demand that the government rule out

"the alarming wrong-headed and crass attempt to run down the Rosyth naval base and dockyard."

Mr Brown, whose constituency includes the dockyard, added: "With 5,000 employed in the Rosyth naval base, Rosyth is Scotland's biggest single industrial concern. Any run-down would be devastating for the Scottish economy, would concentrate naval resources in the south and would reduce essential naval recruitment from the north."

Mr Jack Dromey, spokesman for trades unions representing about 70,000 defence industry workers, said they would seek an urgent meeting with Mr John Major, the prime minister.

The Ministry of Defence (MoD) said: "As has already been made clear, a review of defence commitments is under way to take account of political developments in Europe. A variety of options, which will

mean cuts, are being considered. When decisions are made they will be announced."

David White writes: Radical changes in fleet support and maintenance operations are under study by the navy and senior officers have warned that some facilities are likely to close. But measures as drastic as complete closure of the navy's Rosyth facilities are beyond the bounds of most expectations.

The studies are not expected to be concluded until the spring - along with many other elements of the government's "options for change" defence review, outlines of which were announced in July. Decisions are expected to be announced progressively over the next few months, although the whole exercise is unlikely to be finished in time for the annual defence policy paper in April.

MoD officials have wanted to press ahead with the work, despite the Gulf crisis. But

Britain's military involvement in Saudi Arabia is clearly delaying decisions in some areas.

Manpower cuts now appear likely to go deeper than the outline plans announced in July, which involved some 58,000 uniformed jobs - an average 18 per cent reduction in service strengths - and about 20,000 of the MoD's 140,000 civilian posts.

The army, set to be cut by a quarter to 120,000 by the mid-1990s, is now understood to be working on a lower figure of about 115,000 to make room for more spending on equipment to enable it to adapt to new roles. This would leave it with little more than 100,000 trained personnel.

The plans include a sharp cut in armoured units and air squadrons based in Germany, a much smaller submarine fleet and a reduction in the navy's 48 frigates and destroyers to "about 40".

SMALL BUSINESSES

Labour begins assault on Tory record

By Ivo Dawney, Political Correspondent

SMALL business failures have increased by 60 per cent in the past year and are rising faster than at any time in the past decade, according to the UK opposition Labour party, which yesterday began a new assault on the government's economic record.

The hitherto unpublished figures, compiled from winding-up petitions registered at the Lord Chancellor's office, come as part of a renewed effort by the opposition to undermine public perceptions of the Tories as more competent than Labour at economic management.

They show small business failures are now running at some 1,600 a month compared to 1,000 a month last winter, leading Mr Gordon Brown, Labour's opposition trade spokesman, to condemn Mr John Major, the prime minister, as one of "the architects of the recession."

Labour has promised to release a detailed dossier on the figures in the near future as part of its New Year campaign.



Gordon Brown

Labour will also concentrate on the party's alternative economic policy. Other steps will be the publication of several new detailed policy documents including an industry policy paper, aimed at outlining Labour's plans for a partnership between industry and government.

This will involve plans for training schemes to meet skills

shortages, measures to inhibit hostile takeovers and programmes to enhance the dissemination of new technologies.

The Labour leadership is acutely conscious that while it leads the Tories in opinion polls on many social issues such as education and health, it trails far behind on questions about economic competence.

Yesterday this message was reinforced by a Gallup poll showing that 71 per cent of investors regarded Mr Major as quite or very capable of running the economy against only 25 per cent for Mr Neil Kinnock, the Labour leader.

There is also a growing body of opinion at the party's Watford road headquarters that Mr Major may opt for a quick general election in February and March. This, they calculate, would allow the Tories to capitalise on their current narrow poll lead before unemployment rises and before new poll tax bills land on voter's door.

Condemning the government's record yesterday, Mr Brown said: "No other country in Western Europe is experiencing the same shake-out of small business and job losses."

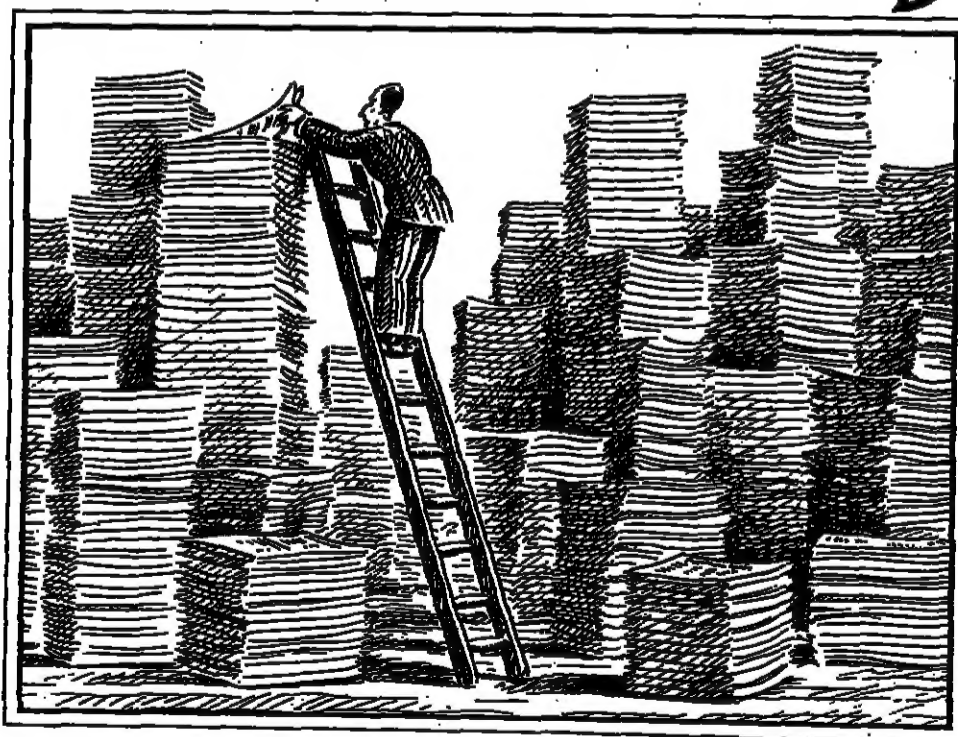
"It is now urgent that the government's inactivity be brought to an end. No changes have been signalled in the failed economic policies of Mrs Thatcher since Mr Major took power."

● SHARES OF small companies in Britain have fallen in 1990, for the first year since 1974, according to research by Hoare Govett, the stockbroker, and the London Business School.

Smaller companies have also underperformed the larger ones, contrary to Hoare Govett's prediction at the start of 1990. The Hoare Govett Smaller Companies Index has produced a negative total return of 23 per cent, compared with a negative return for the FT-A All-Share Index of 8.5 per cent.

Taking capital movements alone, the HGSC has fallen 26.6 per cent and the FT-A All-Share Index by 13.9 per cent.

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UK NEWS

Once-a-year Christians ready for the ritual

Alan Pike reports on a church mission to persuade 'passing trade' to attend regularly

Church membership
Main denominations
Total active members (millions)

FOR ABOUT 90 minutes around midnight tonight Britain will take on the appearance of a Christian country.

Millions of people will begin the celebration of Christmas by going to church. Among the worshippers, however, will be some who have not entered a church since last Christmas and are unlikely to appear again until the same time next year.

Clergy have long been accustomed to the substantial number of strangers who, for whatever reason, include a visit to church among the fairy lights, gifts, turkey and other well-established elements of Christmas ritual.

This year, however, two things are different. For the first time in at least 20 years there is some evidence that regular churchgoing, as opposed to the once-a-year variety, may be increasing. And the Christian churches are about to launch an ambitious Decade of Evangelism in a joint effort to spread the gospel and combat secularism in the approach to the second millennium.

Church of England attendance rose slightly in 1988 with 1,185,000 people going regularly to its services, while in nearly a quarter of the dioceses the increase was between 2 and 7 per cent.

Candidates for confirmation increased by 3 per cent and giving money rose 6 per cent in real terms.

This is a fairly fragile basis from which to argue that there has been an explosion of new interest in religion and the Church of England authorities have reacted cautiously to the figures. They do, however, represent the first upturn since the church began keeping records in 1962, and they coincide with reports from the Roman Catholic and free churches of a slowing in the remorseless rate of decline in church attendance which has been a characteristic of recent decades.

Declining church attendance is nothing new. The 1981 religious census found that 40 per cent of adults worshipped regularly. A century later this had fallen to 20 per cent, and today about 15 per cent of the adult population are active members of the main Christian churches.

Neither is the decline in participation restricted to the churches - on the contrary, the regular support of 15 per cent of the population is positively huge compared with the numbers who play an active part in other community, voluntary, political or even leisure activities in the television age. In a typical month only 5 per cent of the adult population



Dr Carey: likely enthusiast for the Decade of Evangelism

tion are likely to go to the theatre, opera or ballet, while 4 per cent might visit a museum or art gallery or play golf.

The reduction in active church membership is also counterbalanced by some other factors. Opinion surveys show that many non-churchgoers claim to have religious beliefs. A majority of marriages - just - still take place in church. And while regular membership of churches has declined less regular 'passing trade' attendance has recently been increasing.

The Decade of Evangelism (called the Decade of Evangelism

will reinforce a growing sense of co-operation between Britain's Christian churches.

The British Council of Churches was replaced in the autumn by Churches Together in England, which brings the Roman Catholic church into the ecumenical structure, and the decade is supported by all denominations including black and pentecostal churches and house groups.

Representatives of other denominations were involved in the consultations leading to the selection of Dr George Carey as the next Archbishop of Canterbury next year, and he comes to the post with a wide degree of support outside the Church of England.

Dr Carey is likely to prove an enthusiast for the Decade of Evangelism although some of his ideas for attracting worshippers may cause ripples in traditionalist circles. He has warned against the church appearing too respectable by using language and forms of worship which are not accessible to ordinary people, and believes that to succeed it must be managed efficiently.

As Anglican clergy plan their personal contributions to the Decade of Evangelism, some may be reflecting on the fact that their new archbishop favours performance appraisal.

Conditions tougher for textile industry

By Alice Rawthorn

THE COMBINATION of the strong pound and high interest rates poses a serious threat to the stability of the textile and clothing industries, the latest industry statistics indicate.

The textile industry has seen job losses and lower capacity because of increasing imports and weak demand during the past two years.

These difficulties have been aggravated recently by the strengthening of the pound on the foreign exchange markets. UK companies have had even more trouble competing against their overseas counterparts.

Textile and clothing imports into the UK rose by 3 per cent to \$2.1bn in the first nine months of 1990, according to the Apparel, Knitting & Textiles Alliance. The rate of import growth accelerated as sterling appreciated in value.

During the same period exports increased by 16 per cent to \$3.3bn. Exports slowed, however, as UK companies faced stiffer competition in the export market.

The industry did succeed in preventing another increase in its trading deficit during the first three quarters of 1990. The deficit, at \$2.6bn, was virtually

the same as in the corresponding period of the previous year.

The pressure on the industry in the international market-place has been aggravated by the domestic market for textiles and clothing. The slowdown in consumer spending, coupled with the financial difficulties of several large clothing retailers, notably Next and Storehouse, has created an intensely competitive climate for the industry.

Certain sectors have also been affected by specific difficulties. The collapse of the housing market has affected demand for home products

such as carpets and furnishings.

Similarly, this summer's steep decline in wool prices has caused serious difficulties for wool textile companies.

There have already been significant job losses across the industry. The numbers employed in textiles and clothing had fallen to 480,000 by the end of September compared with about 500,000 two years ago.

In recent months industry figures have warned that further job losses are inevitable unless economic conditions improve.

Christie's calls for funds to stem export of art treasures

MR Charles Allsopp, chairman

of Christie's, has accused the government of not giving museums enough money to keep art treasures in Britain.

Writing in the January issue of *The Antique Collector*, Mr Allsopp said Britain was being left behind by the rest of the world in its art ownership because the government was relying on private individuals to patronise the arts.

He said the government should increase funding for museums and galleries, allowing them to buy the sort of famous pieces which would attract tourists.

Some works of art have increased in value by more than 100 per cent in the last two years because of the weak-

ness of the pound and the rise in international art prices.

In the same magazine, Germaine Jackson-Stops, architectural adviser to the National Trust, claimed many works leave Britain because the Treasury cannot agree values with families offering them in lieu of death duties. He suggests works presented to museums should be set against income tax and capital gains tax up to a certain limit.

He adds: "Unless museum purchase grants are enormously increased, this would seem to be the only way to avoid the continuing succession of crises as yet more of our national treasures disappear abroad".

Arts, Page 9

River alert as kerosene spills

EMERGENCY services were put on alert yesterday after 200,000 litres of kerosene overflowed from a tank and threatened to pollute the River Kennet in Berkshire.

The fuel spilled from a container on the Erida Pipeline Agency site in Aldermaston, near Newbury, and was contained in underground interceptors, according to the company.

However, police said they believed a small amount did escape into the watercourse which feeds the river.

The National Rivers Authority said the risk to the watercourse "at the moment is minimal". It added: "There has been some contamination of the ground within their site."

Levitt Group auditor faces probe

By David Barchard

STOY HAYWARD, the 10th largest UK accountancy firm, is to have its role as auditor of the failed Levitt Group examined by the Institute of Chartered Accountants of England and Wales.

The Financial Intermediaries and Brokers Regulatory Association (Fimbra) - the investment industry watchdog - said yesterday that it had passed the relevant papers to the institute for examination.

"We would have been in contact with the ICA on this matter in any case," Fimbra said. "But in this case, the institute wrote to us asking if there were any matters we wished to draw to their attention."

He added that it was by no

means unprecedented for Fimbra to refer cases to the institute when it felt concern about the auditing standards involved.

If the institute establishes a prima facie case that the auditing work was not done to a sufficiently high standard, the matter could be referred to the joint disciplinary scheme of the institute, which has powers to issue a formal criticism if it finds an auditor was at fault.

Fimbra's move reflects growing concern about the accounts of the Levitt Group, which Stoy Hayward audited for the 12 months to December 1988. Stoy Hayward has pointed out that it had not completed

the audit of the Levitt Group for the 18 months ending in June this year. It also emphasised that the difficulties at Levitt came to the attention of City regulators partly as a result of the audit process, as it told Levitt in September to write a letter to Fimbra after it became clear that Levitt's accounts would miss Fimbra's filing deadline of 31 October.

The Levitt Group collapsed two weeks ago, leaving about 20 clients with losses of between £20,000 and £2m each.

Mr Roger Levitt, founder and former chairman and chief executive of Levitt Group, was charged on December 14 with stealing £665,000 from two clients.

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NOTICE is hereby given to the shareholders that the 1st ANNUAL GENERAL MEETING of THE JAPANESE WARRANT FUND will take place at the Company's Registered Office at 45, rue des Scillas, Howald, Luxembourg on Wednesday, 16th January 1991 at 4.00 p.m. with the purpose of considering and voting upon the following agenda:

- 1 Submission of the Report of the Board of Directors;
- 2 Approval of the Annual Report for the period from 27th September 1989 to 30th September 1990;
- 3 Discharge of the Directors and the Auditors;
- 4 Election of Directors and Auditors;
- 5 Any other Business.

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Fund.

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MANAGEMENT

A starring role behind the scenes

Andrew Hill explains where the financial and artistic responsibilities lie in theatre management

Every week, Mark Hayward gets letters from satisfied theatre-goers, congratulating him on his production of Andrew Lloyd Webber's *Phantom of the Opera*.

The response is gratifying, but misguided, for Mark Hayward is not the producer of the sell-out musical, but the manager of Her Majesty's Theatre on London's Haymarket, where the production opened four years ago.

"People still think we run the show, but the whole managerial thing has changed in the last 30 or 40 years," says Hayward, who became one of the West End's youngest theatre managers when he was promoted to the top job at Her Majesty's in February 1988, aged 28.

Lasting popular shows like *Phantom* ("We expect it to be here at the turn of the century," says Hayward) are closely identified with their theatres, so the theatre-goers' misunderstanding is not surprising.

Indeed, the theatre manager is an important part of this production. Each evening, Mark Hayward patrols the foyer in white tie and tails for 45 minutes before curtain-up, because Cameron Mackintosh, the impresario responsible for staging the Lloyd Webber show (and other West End hits including *Cats*, *Miss Saigon*, and *Les Misérables*), demands it.

When the audience arrives, Mackintosh wants them to feel that they are entering the Paris Opera House of the 19th century, where the show is set.

In full evening dress, Hayward may look like a traditional impresario - a larger-than-life character who in times gone by would probably have directed the show and run the theatre - but the *Phantom* fan mail should go to the producer: Mackintosh. That is, unless you want to compliment or condemn Her Majesty's for the cleanliness of its ladies' lavatories, the behaviour of its ushers, or

the efficiency of its box office. "My responsibility is for the overall day-to-day running of the theatre, excluding the show," explains Hayward. "Cleaners, wages, hiring and firing, front-of-house staff and making sure we stick to our licensing regulations."

Of 300 staff working on *Phantom* and in Her Majesty's, about 120 people answer to the theatre manager, of whom 80 or 90 are part-time.

But Hayward himself is also one link in a longer management chain. Her Majesty's is one of 12 West End theatres in a chain owned by Stoll Moss - part of the empire built up by Robert Holmes à Court and run, since his sudden death in September, by his widow, Janet.

As Richard Johnstone, Stoll Moss chief executive and deputy chairman, explains: "Mark Hayward reports to the company director who has overall responsibility for the theatre managers. The theatre managers work within a central structure which looks at strategic and policy issues."

It is Stoll Moss which is responsible for the central accounting and the negotiation of contracts with producers of new shows. It is Stoll Moss, for example, which has decided to install a computerised box office at its dozen theatres next year.

So although a West End appearance may be regarded by most actors and production companies as the pinnacle of success, for many theatre managers it is only a rung halfway up the ladder. Mark Hayward is hoping to move higher within the Stoll Moss structure, but a lot of administrators in the business seek greater autonomy, and even some artistic involvement, by working for theatres outside London.

Lynda Farran joined Manchester's Royal Exchange Theatre as administrator four years ago and is now executive director, managing a full-time staff of 160, compared with just eight at her last job with Cam-

bridge Theatre Company. Farran says the post of executive director, created within the last 18 months, reflects her increasing involvement in the strategy of the repertory company, both financial and artistic. "That's what's interesting about it to me," she says. "Otherwise one might as well be manager of a toothpaste factory."

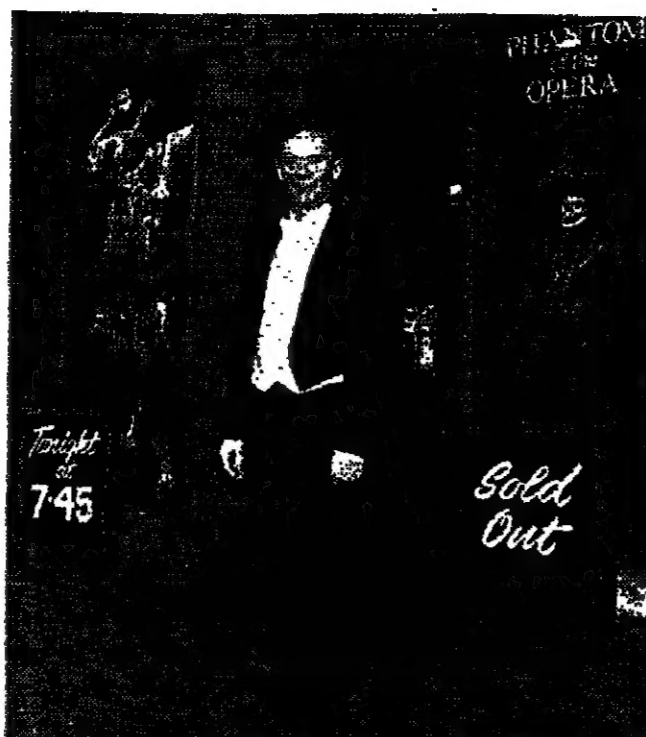
Policy is discussed by a team which includes the executive director, the theatre's three artistic directors and a financial controller.

"Everybody brings an area of expertise to the team and everybody is consulted. Obviously when it gets to the nitty-gritty of weighing up the value of one classic against another, the artistic directors fight to the death, but I would advise them on all other matters," says Farran.

Beneath the main team, the Royal Exchange operates a stratum of senior managers. The day-to-day operation of the theatre is now delegated to a general manager - roughly equivalent to Mark Hayward at Her Majesty's - but senior staff answerable to Farran include the company and production managers. In effect, the Exchange has total artistic control over what happens beneath its roof, from productions to programmes.

The contrast with the situation in London is quite striking. Individual production companies may have to work closely with West End theatre managements on the ground, but they are quite capable of throwing their weight around if they do not like the management's policies. That was well demonstrated in September 1989 outside another Stoll Moss playhouse, the Theatre Royal, Drury Lane, when Cameron Mackintosh distributed free cast lists to those attending previews of his own production of *Miss Saigon*, in protest at the "excessive" price of the official programme - set by Stoll Moss.

Farran's role also differs



Mark Hayward: reluctant to rest on his theatre's laurels

from that of a London theatre manager in that she and the Exchange have to cope with the rigours of staging nine different shows each year.

Mark Hayward's task is to smooth the path of a long-running block-buster and mainly relates to the management of people - handling complaints from double-booked ticket-holders, for example, or, as happened earlier this year, telling an audience of 1,200 that the show had been cancelled because of a back-stage power cut.

Farran's principal worry, by contrast, is planning. "You have to give yourself sufficient time to get the shows ready and get them built without getting involved in major expenditure," she says.

At this time of the year, with one production coming down and the Christmas show - *The Beggar's Opera* - about to begin, Farran bears ultimate responsibility for nearly 280 people, including two companies of actors on contracts negotiated with the Exchange.

Under such pressure, financial stability is clearly paramount. The Exchange is lucky in that its commercial ventures - restaurants, book and gift shops - feed off its artistic success. But although the theatre is usually full to 85 per cent of capacity and turns over £4.6m a year, the annual announcement of the Arts Council grants is still awaited

with anxiety. Even in the West End, there are warnings of darker times ahead, but although Stoll Moss refuses to trumpet the financial rewards of housing a hit show like *Phantom*, the threat of penury is not a problem familiar to Hayward and his team.

The show is sold out for ordinary theatre-goers until September 1991, and during the glamour days of the first two years even the Queen Mother had to book six months in advance for a birthday trip to see the musical.

Hayward says he is proud of that success, although he is careful not to gloat about it. "Phantom is fairly recession-proof. Sometimes I sit here and forget about the rest of the West End. But there are obviously other theatres around that aren't doing as well as we are."

Theatre administrators are fully aware that the fate of a company or theatre is not determined simply by the prospects of the current production. So although the pressures on the Exchange and Her Majesty's are different, Farran and Hayward are equally reluctant to rest on their theatres' laurels.

As Hayward puts it: "You can't sit back on your haunches and say, 'Great, we've made it, we're there'. If you lose the magic and mystery, people won't come."

Competitive performance

An 'adder of values' to the sum of the whole

Sir John Harvey-Jones considers an updated version of *The Design Dimension* to be thoughtful and optimistic

What is the characteristic which makes the British so unwilling to use their own unique sources of competitive advantage in industry? Christopher Lorenz's revised and updated edition of *The Design Dimension* reads as freshly and timelessly as when it was first published in 1986, and still retains its power to shock and dismay those of us who believe that the future of our country depends greatly on world competitive industrial performance.

The shock and dismay does not arise from the contents of the book, which is a thoughtful and optimistic call for the attention of manufacturers to be addressed to the advantages to be gained by imaginative use of industrial design. It arises from the realisation, yet again, that Britons live in a country where design is better taught, and worse utilised.

Indigenously, then in any other European country. The book is as relevant today as when it was first published. As well as discussing the philosophy of design and globalisation studies in depth, it includes a group of case studies showing how understanding and valuing the design dimension has transformed companies from the largest to the medium sized.

Above everything the case studies show the yawning gap between the companies which view design in terms of decoration, and those which see it in its true role of the integrating skill which brings the totality of a company's skills to bear on the market.

Christopher Lorenz is, for many of us, a true and original thinker whose insights and perceptions have influenced managers all over the world. The creative use of design is one of the catalytic forces which combine the fields of marketing, production, research and development into a homogeneous whole, which is greater than the sum of the parts.

It is a true adder of values in this sense, and more than an appendage of the marketing function.

I have spent much of my life in businesses where the direct application of integrated design is not in the mainstream of the business thrust. Even in such businesses, however, skilful use of industrial design can have a major role in the ways in which a company can work and present itself.

Again and again in the book it is pointed out that the correct use of design involves persuasion and "soft" management techniques.



Sir John Harvey-Jones

rather than instruction and the use of power.

Companies that understand the use of design and see it as a key area of potential competitive advantage gain immeasurably through this influence on the way in which management decisions are made. It is not only the

Japanese who understand that discussion, involvement and iteration before the button is pressed for action produces better products, better commitment and substantial savings in time - all of which, of course, lead to better profit.

I am particularly delighted at the re-issuing and up-dating of the book today, for so many

trends in business are making the roles of industrial design and marketing the major battlefields for the future.

It is intrinsically much more difficult, if not impossible, to have and hold an advantage in production technology. A robot in Rotherham is no better, and certainly no worse, than one in Osaka or Seoul.

Moreover, and even more significantly, the development of technology has massively reduced both the development time and hence the cost of new products, and has significantly affected the cost of novelty and hence the size of required production runs.

These changes are in my view irreversible, and the post-industrial knowledge revolution will show itself more and more in the ability to design for the market places of the world, using these skills to cut costs and segment markets into smaller and smaller profitable niches.

All of this could barely be further from the philosophy of all too many medium-sized British companies, where design is sadly seen as concealing the antiquated products they like to make. Fortunately, an increasing number of British companies is seeing the folly of this approach.

I hope *The Design Dimension* will be required reading for every senior executive and then maybe the British will use more of their native skills, and the products of the country's excellent system of design education to improve national fortunes, instead of having one of its larger export markets represented by emigrating British designers.

The Design Dimension. Published by Basil Blackwell, Oxford, England, and Cambridge, Massachusetts. Price £12.95/\$14.95. Also available in Japanese, French, Italian, Portuguese, Swedish, and (from 1991) German.

Sir John Harvey-Jones is former chairman of ICI and star of the BBC *Troubleshooters* series.

THE WEEK AHEAD

ECONOMICS

Focus falls on Japan and the US

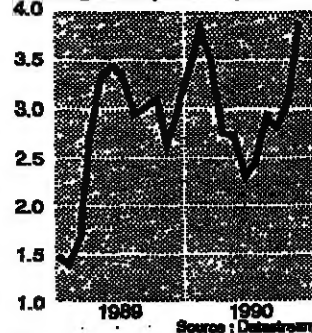
MUCH of Europe will close this week for the Christmas holidays, so financial markets will focus on Japan and, to a lesser extent, the United States.

Although Tokyo markets are closed today for the emperor's birthday, there is a full agenda of Japanese statistics during the rest of the week. Perhaps the most important will be Friday's consumer price data which will give the December inflation rate for Tokyo and the November rate of price increases for the country as a whole. The consensus of analysts' forecasts compiled by MMS International, the financial research company, points to a slight dip in Tokyo's annual inflation rate to about 3.8 per cent from 3.9 per cent in November but a rise in the November national inflation rate to 4.4 per cent from 3.5 per cent.

Japan's recent inflation figures have been boosted by high vegetable prices as a result of typhoons in September and October. But such factors are unlikely to dissuade the Bank

Japanese inflation

% change over previous year



Source: Datastream

of Japan from maintaining its tight monetary policy.

In the US, Thursday's durable goods orders for November are expected to confirm the picture of a rapid slowdown in the economy. The median forecast compiled by MMS indicates a 3 per cent decline. Thursday's leading indicators on Friday should provide additional information about the slowdown.

Thursday will be an important date for the German bond market with the setting of terms for the traditional new year Federal bond issue. The provisional German cost of living figures for December are expected on Thursday or Friday. The Halifax Building Society publishes its review of the UK housing market on Friday. Events and statistics, with median market forecasts from MMS International in brackets, include:

Today: Japan, all markets closed for emperor's birthday. Many other markets either closed or closing early for Christmas Eve.

Tomorrow: Most markets closed for Christmas Day.

Japan, October leading diffusion index.

Wednesday: Most European and other markets closed.

Japan, Bank of Japan press conference; November retail sales (up 5.8 per cent). US, November existing home sales.

Thursday: Germany, terms of new Federal loan set. US, November durable goods

orders (down 3 per cent); November durable shipments; December consumer confidence. Japan, November industrial production (down 0.4 per cent on month); November housing starts (down 2.6 per cent on year); November construction starts, orders; November trade balance on IMF basis; November investment in foreign bonds.

Friday: Japan, December Tokyo consumer price index (up annual 3.8 per cent on year); November consumer prices (up annual 4.4 per cent); December unemployment.

France, final November consumer price index (down 0.2 per cent on month, up 3.6 per cent on year). US, November leading indicators (down 0.5 per cent); November import/export price indices; November bank credit and industrial and commercial loans. Money supply for week ended December 17. UK, November new vehicle registrations. Halifax house price index.

Peter Norman

APPOINTMENTS

Director of finance at Boots The Chemists



Mr Philip Matthews (pictured) has been appointed director of finance at BOOTS THE CHEMIST. He was director of finance at Next Group Finance. Mr Matthews has also held financial posts with BNL, Philip Morris, and Price Waterhouse.

■ IVS CABLE SERVICES, Andover, has appointed Mr Tom Green as group marketing manager.

■ REDIFFUSION MUSIC, a BET company, has appointed Ms Catherine Phillips to the new post of international new business manager.

■ The new president of the LAW SOCIETY OF NORTHERN IRELAND is Mr Brian Walker. He practices in Portadown.

■ SWISS LIFE (UK) has appointed Mr John Goring as pensions actuary. He was with William M. Mercer Fraser. Mr Tom Harker has been appointed investment marketing manager. He was with Feather & Greenwood. Mr Paul Merchant joins as a senior fund manager specialising in the European and UK markets. He was with Argosy Asset Management.

■ Mr Peter Fearfield, a senior partner in KPMG's UK management consultancy, has retired and been appointed a non-executive director of BYWATER.

■ ENGINEERING TRAINING AUTHORITY has appointed Mr Penman Jones as director,

services, and Mr Chris Carroll as director, training standards. The Authority takes over from the Engineering Industry Training Board which ceases to exist by July next year.

■ LAZARD BROTHERS & CO has appointed the following as assistant directors from January 1: Mr Anthony Coveney, Mr Mann Duggal, Mr Simon Fisk, Mr Christopher Hill, Miss Blondel Hodge, Mr Peter Keen, Mr Clifford Mayfield, Miss Nicola McDonnell, Miss Sharon Pipe, and Mr Iain Rawlinson. The following have been appointed directors of the investment management subsidiary, Lazard Investors, from January 1: Mrs Elizabeth Barrett, Mr Simon Hazlerigg, Mr John Innes and Mrs Charlotte Syder.

■ Mr Alister Sutherland, a partner with the Glasgow firm of McGrigor Donald, has joined W. & J. BURNES. He is chairman of the Scottish Landowners Federation's tax committee, and a member of the Law Society's revenue committee.

■ Mr Michael McIvor has been appointed a director of HIGH-POINT SCHAER (EUROPE).

■ TIPHOCK has appointed Ms Mary Shearman as development and training manager, human resources department. She was training manager for Royal Life Holdings in Liverpool.

■ Mr Roger Harding has been appointed general manager of LONDON TRANSPORT pass distribution, which markets travel passes through newsagents. Mr Warwick Hillman becomes managing director of Victoria Coach Station from the end of March. He is associate director, London Transport International. Mr Dick Cordey has been appointed to the new post of general manager, bus passenger infrastructure unit. He was passenger liaison manager.

■ Lady Parkes becomes chairman of the NATIONAL COUNCIL FOR EDUCATIONAL TECHNOLOGY for a three-year appointment from April 1.

■ Mrs Deirdre Hutton has been appointed chairman of the SCOTTISH CONSUMER COUNCIL, and a member of the National Consumer Council, from January 1 1991 until December 31 1993.

WORLD INDUSTRIAL REVIEW

The FT proposes to publish this survey on January 14 1991. It will be of particular interest to 54% of Chief Executives in Europe's leading companies and 94% of Captains of Industry in the UK who are FT readers. The US Senate and House of Representatives receive hand delivered copies of the FT Daily. If you want to reach these important audiences, call Brian Heron on 061 834 9381 or fax 061 832 5248.

FT SURVEYS

UK COMPANIES

■ TODAY COMPANY MEETING: Principal Hotels, Epworth House, 25, City Road, E.C.1, 9.00. BOARD MEETING: Interim: Stonehill Hidge. ■ FRIDAY DECEMBER 28

COMPANY MEETING: River & Mercantile Extra Income Trust, New Connaught Rooms, Great Queen Street, W.C.1, 12.00. Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ THURSDAY DECEMBER 27 Cardiff Automobile Receivables Flt Rate Nts 1985 £380.21 National & Provincial Bldg Society Flt Rate Nts 1986 £188.54 Nationwide Anglia Building Society Flt Rate Nts 1986 £187.98 Scandinavian Finance Flt Rate Nts Dec 1993 £348.21 State Bank of Victoria 10 Year Gld Flt Rate Nts \$431.45

■ FRIDAY DECEMBER 28 Alexanders Hidge, 9½pc Pl 3.325pc Anglo American Coal 138c Ash & Lucy 3pc Deb 1987/92 4pc Boddington 9½pc Ln 2000/05 4½pc Brake Brothers 1.5pc Chesterfield Props. 7p Forward 1p Geest 3.25pc Jersey Phoenix 1.125pc Jeyco 2.2p

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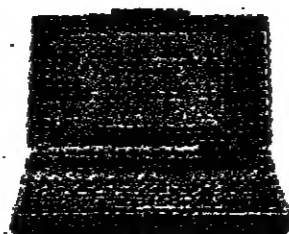
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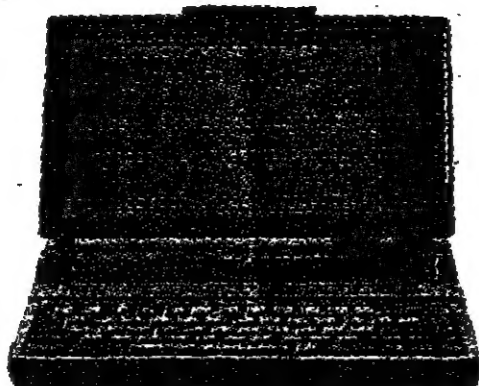
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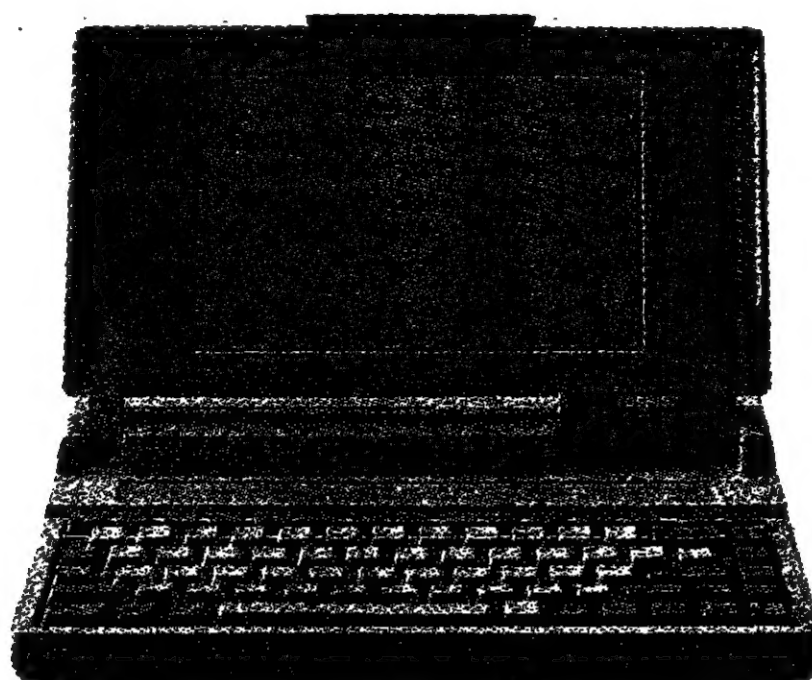
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The PC for the road



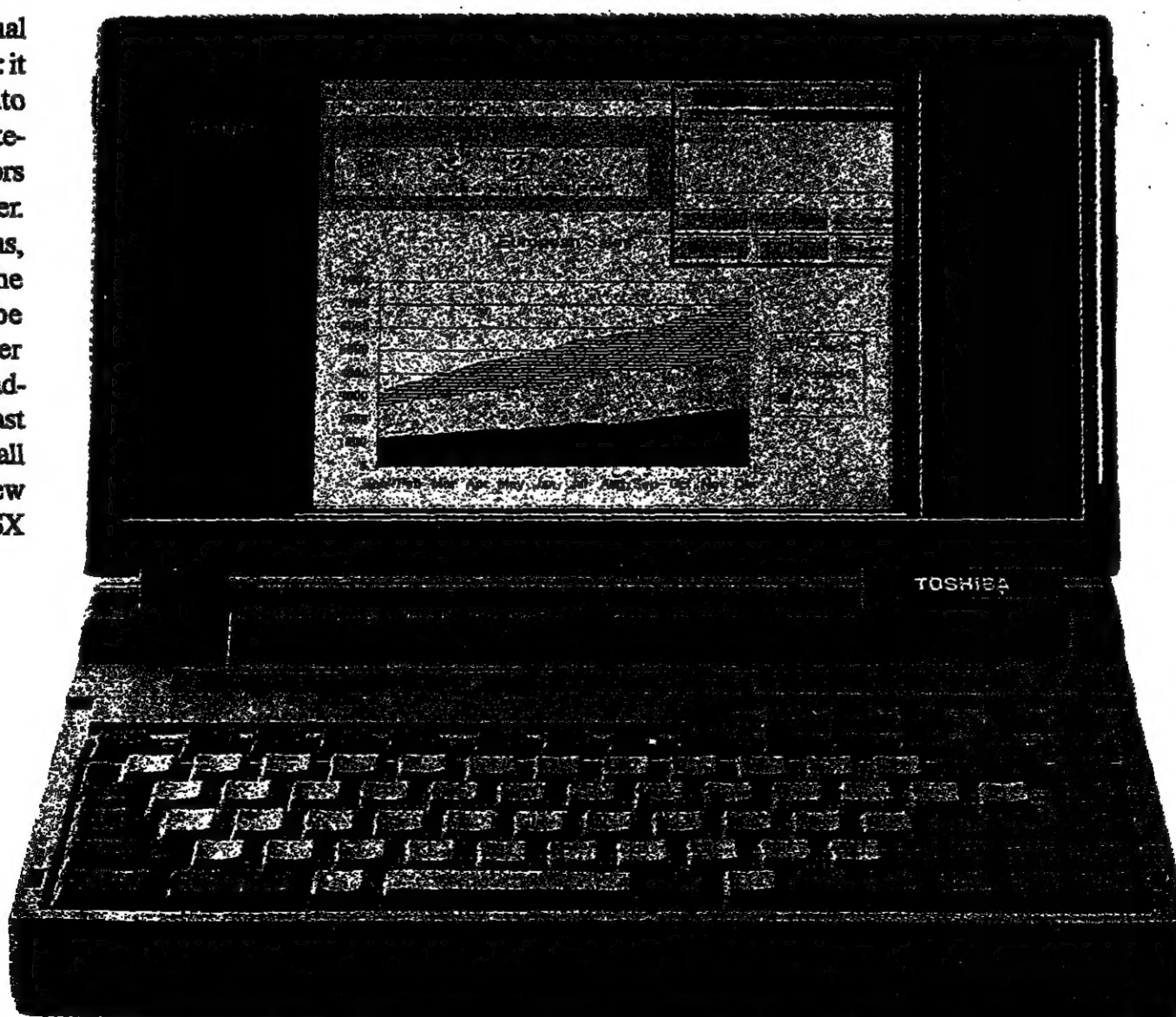
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The new Toshiba T2000SX.

Toshiba's new T2000SX cuts conventional desktop computers down to size. To be precise: it puts the performance of a 386SX desktop PC into a battery-powered package the size of a notebook. Now you can be effective both outdoors and indoors with the same powerful computer.

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The T2000SX is one of five Toshiba notebook-sized computers. Find out how Toshiba notebooks can replace your stationary desktop machines by calling your local Toshiba dealer now.

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ARTS



Successful productions: David Edgar's 'The Shape of the Table' at the National (left); and Richard Harris in Pirandello's 'Henry IV' in the West End



Try saying "...but it's in Romanian"

Malcolm Rutherford looks back at notable West End and fringe theatre productions during 1990

The answer to the question, "What should I go and see in the theatre?" can be very difficult, as I have learned increasingly in the last few months. For it depends on a view of what you think the questioner would like. It is no good recommending Ray Cooney's *Out of Order*, however enjoyable it is, to people who pride themselves on intellectual firepower. And I have seen the eyebrows raised at the suggestion of Joan Collins in *Private Lives*. Not that the would-be theatregoer has anything against Noel Coward: it is just that he assumes (quite wrongly) that Ms Collins cannot be up to it.

Try saying there is a very interesting *Hamlet* at the National, then adding quietly "but it's in Romanian", and you will see what I mean. You are as likely to put people off as to turn them on. Indeed almost the only play with which I have scored a 100 per cent success in terms of recommendations this year was Richard Harris in *Henry IV* at the Wyndham's. Some of my friends went to see it expecting the Shakespeare rather than the Pirandello version, but all of them came out enchanted by the Harris performance. There is a lot of *Hamlet* in the Pirandello play, just as there is a lot of *Hamlet* in Richard Harris. His Irishness helped: the way he feigned his madness was unforgettable. At times he expressed more by the movement of an arm than by speaking volumes. It was the London performance of the year.

One had a more limited success in recommending Terence Rattigan's *Flare Path* at the King's Head. Here perhaps there were some reservations in urging people to see it. The King's Head is a fringe theatre in Islington, which is not on everyone's doorstep or regular trade routes. Rattigan himself may be a bit suspect nowadays: too much nostalgia, not enough weight or bite.

Yet no one that I know dissented from my judgment that Derek Goldby's production was superb down to the finest detail: the staging, the costumes, the haircuts, the set, the lighting, the sound effects and the occasional tears. Here was a well-made play, beautifully done: a period piece that stood the test of time. Sadly, it did not transfer to the West End where, one would have thought, it could have run for months. On the other hand, Anouilh's *The Rehearsal*, which started at the Almeida, also in Islington, transferred

quite easily. Quite why some plays do reach the bright lights and others do not remains unclear. Certainly there are very few pieces running in the West End at present which one would recommend without qualifications. And that again brings one back to the opening question. It is not just what people want to see, but where they are prepared to go. If they are set on the square mile or so around Leicester Square, they may well be disappointed. Would they look elsewhere?

Some of the best productions I have seen this year have been at small, out of the way, almost improvised theatres. The Gate at Notting Hill is an outstanding example. There, for instance, was *Democracy* by the Russian Nobel prize

fresh. *Don Gil* is quite as good as some of the early Shakespeare comedies, and there is the promise of more 17th century Spanish works to come. Spain, after all, had a golden age of theatre not unlike our own.

The Gate by now has perhaps ceased to be fringes at any rate. It is at the top of the fringe league. Other such theatres are coming up. The White Bear Theatre Club in Kennington, again located in a pub, put on a production of George Chapman's *The Widow's Tears* that otherwise we would not have seen. So it is not quite true that the London theatre is in the doldrums. It is simply changing places. A

learned how to take liberties with texts, and how the same play can have a different appeal to different people at different times. Boring young Fortinbras is not the conventional liberating hero: one of his first acts is to have Horatio killed. Clearly to Romanians anyone in military uniform, and wrapped in the apparel of the state, is a tyrant.

We also learned not to laugh at Polonia. Far from being an old buffer, he is a bureaucrat and schemer, very much a member of the party, if not the Securitate. That point was taken up in an otherwise unsatisfactory production of *Hamlet* by the Cheek by Jowl company at the Lyric, Hammersmith. Peter Needham's Polonia there was

sedition to be shown in his time and the script was lost for centuries. It was worth reviving and should be seen again. Ken Bones, who played Sir Thomas, is a chillingly effective actor, as his name suggests.

Thomas Middleton's and William Rowley's *The Old Law* at the Lyric Studio had not been performed for over 300 years, and Beaumont & Fletcher's *The Maid's Tragedy* appeared at the Battersea Arts. There is more of this genre to come in the new year: a wholly welcome development. The Jacobean plays do a great deal to put Shakespeare in context, while he was plainly better than most of his contemporaries most of the time and, of course, had the verse, he was using many of the same conventions. Occasionally the others take a

trick. If the past is in, that must partly reflect a shortage of new work. Certainly plays about Mrs Thatcher seem to have gone out with the departing prime minister: they will be no great loss since few of them were either serious or funny. Perhaps a new target is needed. Life on the fringe, however, though sometimes precarious, suggests that the theatre has not done too badly out of the Thatcher years. There is plenty of it, except in the West End. The Edinburgh Festival, though without shining, had as many fringe shows as ever, and I was sorry that Hull Truck's play about Philip Larkin did not make it to London: lesser pieces did.

Finally, a word of continuing tribute to the National. One visits it always with a sense of expectation, and is seldom disappointed. Not all its productions this year have been life *Once in a While the Odd Thing Happens*, about Benjamin Britten and Peter Pears, at the Cottesloe was a trifle thin. Athol Fugard's *My Children! My Africa!* had been overtaken by events and went on too long. Its *Leah* was not the most convincing performance ever put on.

Yet almost anything at the National is worth seeing. The theatre is also open to imports, not only from Romania: see, for instance, Brian Friel's *Dancing at Lughnasa* from the Abbey Theatre in Dublin. The play belongs to no particular genre, might be thought fey and even quaint: the setting is rural Donegal in 1936. Yet it is one of the most beautifully written pieces I have come across, and superbly done. Theatre still has its surprises: *Dancing* could be recommended to almost anyone.



Nicola Paget in 'The Rehearsal' which transferred to the West End; 'Flare Path', right, did not make it



winner, Joseph Brodsky. The theatre is minute, but that did not prevent an immaculate staging of a lunch party for an east European cabinet on the verge of being overthrown.

Running now at the same theatre is *Don Gil of the Green Briches*, a comedy of intrigue by the 17th century Spanish writer, Tirso de Molina. One admires not just the sheer exuberance of the production, but also the professionalism: here is acting of the highest standard. Not least there is the talent which unearths such plays and finds them

question is how far audiences will be prepared to move with it: smaller, less comfortable, but presumably more economical to run than some of the museum pieces in the West End. Recession is unlikely to help the big stage.

Whether on the fringe or more centrally, the broad themes of the year seemed to be twofold: eastern Europe and a return to the 17th century. The National had it both ways. It hosted the Bulandra Theatre production of *Hamlet* from Bucharest, and here we

an ambitious social climber, not at all doddery. It was interesting to see if this version of the character sticks.

Where the National scored on eastern Europe most of all, however, was in David Edgar's *The Shape of the Table*. While I enjoyed both the documentary and the burlesque in Howard Brenton's and Caryl Churchill's *Moscow Gold* in what was possibly the Royal Shakespeare Company's last outing at the Barbican, Edgar's piece was in a quite different category. It even showed some sympathy

produced lines like: "Three times I skewered him like meat/He fell a bloody bundle at my feet." Not to everyone's taste perhaps: several people complained that it was all too stylised, but I loved it and the spectacle was splendid.

The Elizabethans and Jacobean stalked the fringe. The One Stage Company put on the first professional London production of *St Thomas More* at the rather bleak Shaw Theatre on the Kuston Road. Shakespeare had a hand in it, but it was too

Sugar

WEST YORKSHIRE PLAYHOUSE, LEEDS

If they can make musicals out of *Grand Hotel* and *La Cage aux Folles*, then of course they can with *Some Like It Hot*. All the same, must they? It's like saying to the wine-waiter, "They, the Sauvignon blanc was great - now can we have it with bubbles?"

I hope you don't need to be reminded that *Some Like It Hot* is the great comic movie where Jerry (Jack Lemmon) and Joe (Tony Curtis) masquerade as members of an all-women jazz band, whose lead singer and ukulele-player is Marilyn Monroe. Lemmon, as "Daphne", finds himself pursued by the veteran millionaire Osgood Fielding, while Curtis drops his "Josephine" persona, does a brilliant Cary Grant imitation, and winds up with Marilyn.

hope they don't have to sing and dance; they simply couldn't. Music in *Sugar* is just jolly nonsense: we're not asked to believe in it, just to swing. And - surprise - we do. The best feature about Stein's music, though it includes no tune worth humming, is its sense of period. It belongs firmly in the Jazz Age. Spats the gangster and his gang make machine-gun fire by volleys of tap (a classic Astaire idea), and even the flirtatious bell boy (a good little role, well taken by Aidan Waters) sings and dances. *Sugar* isn't memorable, but it's stylish.

Marilyn plays Sugar Kane, and *Sugar* is the name that Julie Styne and Bob Merrill give to their recent Broadway musical. It's a pleasant enough show, but the best things about it are lines from Billy Wilder's screenplay. (My favourite lines of all, however, are missing here, and so are Joe's Cary Grant take-off and Daphne's all-night tango with Osgood.)

For the sake of the performers, I wish Styne and Merrill had re-invented the lead characters. I can imagine Sarah Payne playing Sugar as a keen Joan Crawford charlestoning gold-digger. But she has Marilyn's lines, and you can't help telling she hasn't Marilyn's ditziness and fantasy. Steven Mann (Joe) and Andy Serkis (Jerry) impose themselves more - and the show, despite its title, seems to favour them. In fact, beneath the jazz surface, it becomes a very Eighties show. It emphasises Joe's love for Sue (very Tootsie) but also Jerry's gathering confusion about receiving Osgood's attention (kind of *Cage aux Folles*).

Music in *Some Like It Hot* is just something you do to get through the Depression. It isn't also (a) a need (b) the ultimate self-expression, as it is to those true Depression icons Fred Astaire and Mickey Mouse.

When Joe and Jerry first enter as Josephine and Daphne in *Sugar*, they are singing and dancing. The other girls in the band accompany them, and two railway porters partner them. What a romp! And lovably done. But moments later they are protesting that they

But what performers could efface Curtis and Lemmon from your memory? In a way, *Sugar* achieves just what it sets out to do - it keeps reminding you what a blissful movie *Some Like It Hot* is. As a musical, well, it passes the time until the same team of performers apply themselves to something worthwhile like *Girl Crazy* or *Oh Kay!*

Alastair Macaulay



In the Monroe role: Sarah Payne as Sugar Kane

The Nutcracker

FESTIVAL HALL

Spare a thought for the hapless young whose Christmas treat is a first visit to English National Ballet's *Nutcracker* on the South Bank. Led through the concrete horrors of a development that makes the Lubianka Jail look like Le Petit Trianon, they are faced with Peter Schuster's adjoined staging and plunged at once into the boring ramifications of Chaikovsky's family history.

Spare a thought for the parent required to explain the identities of Grig and Miss Eastwood and dear old Plegont, and beings listed in the programme as *Anatoli Modest and Ekaterina* (sic). (That Saturday night's cast sheet believed that Louise is spelled *Louise* is not, I take it, criticism.)

The young viewer, like the despairing critic, must then contemplate inexplicable scenes, mimed with transcendent dreaminess, about the composer and his family, plus a dumb-show performed with rough ineptitude by children. The proper magic of transformations of simple narrative and touching interpretation, like the miracle of the score, is everywhere short-changed.

At half-time, grown-ups can at least rush in search of alcohol - infant despair being only calmed with ice-cream, I suppose. There follow diversions more winsome than I would recommend even for juvenile consumption, and - at last, at last - some choreography in the Grand pas de deux.

On Saturday night, the appearance of a guest from the

Kirov, Yelena Pankova, as Sugar Plum Fairy, justified this desperate staging. She had been required to walk through the first act as someone called Sasha, and looked understandably bemused, but with the *pas de deux*, her grace, the exquisite lightness and aristocratic femininity of her style brought joy.

Twenty years ago, during a Kirov season on this same dismal stage, Irina Kolpakova was a Sugar Plum of similar crystalline elegance. Leningrad training inculcated such purity and such intensity of physical expression - every movement lustrous, true - that the other dancing throughout the evening seemed false, presumptuous. Pankova draws a dance portrait with the sweetest means, and for once during the evening Chaikovsky's score is not cheated. Her cavalier was ENB's newest Cuban recruit, Jose Manuel Carreno, with a bold and assured technique and a handsome presence. But he, like Pankova, deserves to be seen in a ballet rather than in this Devil's laundry-list of banalities.

I venture to suggest that ENB should, every night, leave part of the staging outside the back door of the Festival Hall, and give their local dustmen danger money. By the end of the season, it might be entirely disposed of, and for next year we could have a welcome Christmas present from the company: a simple, stylish *Nutcracker*.

Clement Crisp



Notes of pathos: Beverley Mills in the role of Dorabella

Così fan tutte

GRAND THEATRE, LEEDS

One of the many mysterious things about *Così fan tutte*, that operatic enigma of enigmas, is the likelihood it offers that surprises (of both good and bad kinds) will lie in wait for even the most habituated of Mozartians. The latest revival at Opera North proves the point: in advance it is promised to be unremarkable; in the experience it turned out a delight.

The 1982 production by Graham Vick (rehearsed by Matthew Richardson) has a semi-abstract permanent set (a sand dune at the back with chairs and a Corinthian column half buried within, a fire-escape staircase to the left) which may speed events along but which fosters little sense of ambience, or mood, or even its own interior logic. On paper the cast could be patronised as "house British", apart from the Canadian soprano Jane Leslie. Mackenzie, a regular Opera North visitor. The long opera was to be given with few cuts,

in Ruth and Thomas Martin's not very stylish translation. The cogency of Friday's performance, the concentration and crispness, the intimate, ever deepening fusion of comedy and emotional intensity, came therefore as the most elating of correctives to advance expectations. The opera moved fast - not by any means always the case - because Alan Hacker as conductor kept the score athletically limber in every instrumental line.

Mr Hacker is not a Nottingham - or Ottoman-style speed - merchant (only the overture and the male "laughing trio" sounded a little rushed), but his secret, known to all born Mozartians, is genuine rhythmic energy: orchestral articulation, melodious on the surface yet springing with inner vitality, that translates directly into dramatic momentum.

In the Grand, the ideal *Così* theatre, the sound and sense of

Mr Hacker's reading evidently acts as an inspiration to his cast. All give of their best, and, at times, more than that; only Miss Mackenzie's radiant, blessedly natural and vocally unforced Fiordiligi and the technically astonishing Fernando of Paul Nilon (dryish in tone but tirelessly fluent) achieved full Mozartian grace, but the ensemble developed a glow of poise and polish.

And the "English" character of the cast - exemplified by Robert Hayward's good chap of a Guglielmo, and Beverley Mills's light-headed Dorabella - added its own special pathos: four nice young people stepping ever deeper into the emotional quicksands, pushed on by Kate Flowers's brilliantly wry, seen-it-all Despina and Eric Roberts's cheerfully pitiless Alfonso. A *Così* that balances smiles and tears as nimbly and effortlessly as this is not at all a routine matter.

Max Loppert

Shopping at leisure

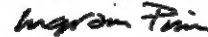
All that would normally be described as a typically British muddle, except that it is not wholly British. In Scotland, which is one of the more puritanically religious parts of the United Kingdom, the shops have long been allowed to open on Sundays, just as the Scots were the first to introduce more flexible opening hours for

Mr Major clearly finds cardboard cities an affront to his guiding notion of a society at ease with itself. By making Mr Heseltine environment secretary and Sir George Young housing minister, he sent an unmistakable signal of a new approach. Sir George is the ve-

Mr Major is naive, however, if he thinks that the Sunday observance lobby and the retail trade will sit down together and sort it out. A clear lead is needed from the government, even if the Labour party declines to extend its new modernism to letting people shop when they want to. A new year resolution might be reform by next Christmas.

Like 1990 in eastern Europe, the year 312 was the sequel to a year of a first, significant revolution. In the western part of the Roman empire the new ruler, Constantine, had begun to support the Christians' religion. He was the first Roman emperor to turn to Christ. He did not yet control the eastern empire where Colbassa was holding in the opposite, pagan direction: this part of it was controlled by a pagan enthusiast, the ambitious young Maximin.

Pagan lessons for modern Tories



Meanwhile, the fostering of religious divisions would leave ever more scope for playing friends and enemies off against each other through the promise of exemptions from the poll tax. We must all watch out for announcements in the last few hours before Christmas: they have an impeccable pedigree in the oldest conservative thinking. Will a decree, perhaps, go out from John Major Augustus that only part of the world should be taxed?

Within two services are under way. By the tomb of Jesus, a group of Copts worship in Arabic. In the main body of the sombre church. His

certainly declined since then. Those who leave mostly go to North and South America. Father Samsour squarely blames the level of emigration on Christians' fear of being persecuted between warring Moslems and Jews. Others say Moslems have shown the same motivation is not a fear of Islamic fundamentalism or

Dr John Tleal is a prominent Jay member of the Greek Orthodox church living in the Old City. The west created Israel, but he has forgotten us. In 20 years there will be no Christians left here and the west will wake up and it will be too late."

Hugh Carmichael

All enquiries should be addressed to: Financial Times Conference-Organisation,
128 Jermyn Street, London SW1Y 4LL, Tel: 071-925 2358
(24-hour answering service), Telex: 27347 FICONE G. Fax: 071-925 2125.

Hugh Carnegie

Andrew Fisher looks at what a difference a year makes to a small town in eastern Germany

A borderline case for freedom



enhanced Christmas 1989, when the celebrations were heightened by the new feeling of togetherness. People from nearby Philippsthal, in the west, could visit friends and relations they had not seen for 30 years or more.

"Last Christmas was sensational," remembers Mrs Ursula Roch, who has rented out part of her house to a west German businesswoman, Mrs Roch, 51, helps in the gift store, selling vases, mirrors and Christmas decorations. "We drank Sekt (German champagne-type wine) and danced. There were lots of people."

Vacha had been strictly out of bounds. "They didn't want people to see it," says Mrs Roch of the East German authorities' determination that their citizens should not know how fearfully the border was guarded. She remembers sitting on a hill behind Vacha, watching the funeral of one of her grandparents on the other side. "People cried to us to come over. It was dreadful for my mother."

Now, Mrs Roch and her fellow townspeople face a tough economic reality after their initial exhilaration. Although the Christmas market in the main square was the biggest and liveliest for years, many families are worried about what 1991 will bring. On the positive side, people have D-Marks and

a wide array of goods to choose from. The gaily painted Christmas tree bangles sold by Mrs Roch would never have been available before, or only in exchange for special favours. But the jobless level has risen rapidly. The nearby Kall (potash) mine and plant, which once employed more than 8,000 people, is trying to survive by cutting to about 2,000 over the next few years. The cable factory is staying, with 600

Townspeople face a tough economic reality after their exhilaration... they worry about 1991

instead of 800 jobs, and will move to a new industrial site at the edge of town.

Since the D-Mark came to east Germany in July, Vacha, a town of 4,300 people with an 800-year history, has had a partial facelift. There is a brand new supermarket packed with western goods. Some shops and houses are being renovated and the eyesore of a petrol station in the market place is to be removed.

By far the prettiest building is a 400-year-old timber-framed house whose facade has been replastered and painted. It is

called the 'Gingerbread House' and contains the cosy little confectionery and spirits shop run by Mrs Elke Schmidt, 49. From her upper back window, she and her husband Eckardt, a Russian teacher who now finds his pupils all want to learn English, could see the border fence.

Her business has done well since she was able to widen her assortment with attractively packaged, tasty western chocolates, liqueurs and wine. In past Christmases, she could only sell basic, dull East German chocolates, sweets and drinks. "There was a saying here," she notes wryly. "There's nothing to be had, but everyone can share it."

There is more than enough on her shelves this year, from Italian sparkling wine to American bourbon. But people wonder about the future. "Lots of people have said: 'Mrs Schmidt, I'd love to buy if I knew I would have a job in January,'" Vacha's carefree youngsters come wide-eyed into her shop. But the heavy-handedness of the former regime has left its mark. "You can tell immediately if kids are from the west," says Mrs Schmidt. "They come in and talk openly. Children here are much more reserved."

East German children have certainly been able to look forward this Christmas to more exciting presents. In the toy shop, parents and children mill around, looking at Barbie dolls, west German games and puzzles, toy kitchens, shops and post offices, bicycles, and mini-robots. There is even a battery-driven police motor bike, expensive at DM280. No east German toys are in sight.

Mrs Edeltraut Ender, 37, who runs the nearby sewing machine and wool shop, recalls when times were really bad. "To buy a pair of boy's trousers, I had to show identification proving I had two children. And I still had to queue." Her husband works at the Kall plant and expects to keep his job. Others are uncertain.

"There is still a lot of fear." Outside, in the square, there are some illuminated decorations, but the Christmas spirit seems muted. A big tree with lights stands in front of the elegant town hall, once a hotel where Napoleon is said to have made a quick escape in mid-lunch as Cossack troops caught up with his ragged army on its retreat from Moscow in 1812.

Mr Peter Ratz, 56, vicar at the Lutheran church for 12 years, says one of his predecessors delayed the Cossacks with Schnapps so Napoleon could flee. This week, Mr Ratz hopes for a congregation of more than 500, though the church is unheated. "Christmas is rooted in the German soul," he remarks. Last year, many came from the west.

Just over a year ago, the church was a centre of dissent, as in the rest of East Germany. Attendance has since fallen, but Mr Ratz says there is more demand from parents for christenings now that the state's atheistic hand has been removed. This year, he has christened nearly 30 children; last year, it was only eight.

By the time they start going to school, Vacha hopes to be participating in the rapid growth which east Germany needs if its citizens are to match western living standards. Vacha's mayor, Mr Karl-Heinz Gröbel, 37, a former bobsledder in the East German national team, says that at present, the Bad Salzungen area, including Vacha, has about 6,000 unemployed and nearly 20,000 on short-time out of a labour force of 45,000.

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Shoppers' delights: from Ninja Turtles to TV dish

Clay Harris draws up a list of some of the year's best-selling and most intriguing products

A part from Ninja Turtles and Nintendo, what was hot in 1990? Attempting to winnow a few winners from the thousands of products which come on to the market around the world each year requires looking through a clouded glass. Who wants to be stuck with a Sinclair ZX81 or Cabbage Patch Kid?

One of the safest bets is Microsoft's Windows 3.0 software, its "graphical user interface" (GUI) uses pictures rather than words on the screen to run personal computers.

Windows 3.0 represents an escape from the drabness of DOS, the personal computer operating system using hard-to-remember lists of commands and unhelpful error messages. It gives low cost IBM-style personal computers the look and feel of an expensive Macintosh, the Apple Computer personal computer which pioneered the GUI.

Microsoft, the world's largest personal computer software supplier, spent a fortune to develop Windows 3.0 and sells it for peanuts - \$150 in the US, \$99 in the UK. Some retailers throw it in with each personal computer they sell.

Matsumita Electric Industrial came up with two of 1990's top products. Its Aisaleg Day Fuzzy washing machine automatically senses the weight of clothes and the type and amount of dirt, although not differences in colour and material. Using "fuzzy logic", which allows ambiguous information to be translated into numerical values, it chooses the appropriate programme and amount of detergent.

Since *aisaleg* means caring for one's wife, the implication is that the machine is so simple that even men can do the laundry. Matsumita, which launched Aisaleg in February, is now selling 30,000 machines a month at ¥83,000 (\$324).

Matsumita's portable camcorder, another "fuzzy" product known in the US and Europe as "Palmcorder", incorporates a "digital image stabiliser" which automatically cancels out the effects of camera-shake. It is designed for use on high-speed bus tours where passengers are not given time to get off the coach. Mat-

sushita has sold 350,000 machines for about ¥160,000 (£635) each since they were launched in June.

Managers at Kirin Brewery have been crying into their cups ever since rival Asahi Brewery swept the market with Dry Beer in the late 1980s.

In 1990, Kirin came up with Ichibanshitori, a name which implies the beer is made entirely from "the first strain" of the fermented liquor and appeals to the Japanese demand for anything that is fresh or new. Launched in March, Ichibanshitori has grabbed 7 per cent of the domestic market.

In the UK, the Mars Bar Ice Cream Bar transformed the chocolate from a kiddie treat into an adult indulgence, accounting for 10 per cent of all spending on ice-cream. Its success showed that Britons would pay a premium for quality after years of eating ice-cream made with non-dairy fat.

For design freaks, those who covet the Mazda MX5 (or Miata) roadster and cannot resist Braun's black pocket calculator, there has been good news from Alessi of Italy. The Juicy Saff came on the market in March and Alessi has already sold more than 80,000 at £30 each. It is a lemon squeezer.

Out on the streets, Reebok's The Pump was the sports shoe of 1990. Its inflatable sole is pumped up until it perfectly fits the wearer's feet. Reebok introduced The Pump as a basketball shoe in the US in November 1989. It was priced at \$175 (\$50) and has since mustered sales of more than \$150m.

The Pump arrived in Europe this autumn. Reebok has introduced versions for tennis, running and cross-training in the US. Others for outdoor, walking and golf are coming soon.

Proud owners of these objects might scorn, but there is no denying the place of the TV satellite dish in a list of this year's products. Slowly at first but with increasing speed the 80cm dishes and receivers to watch 15 channels from the Astra satellite, including Sky Television, sprouted on walls and roofs from the Orkneys to Land's End. By now there are

more than 1m of them, most made by Amstrad.

The dish, less elegant and less sophisticated than the BSB Squarrel, won the day because it was cheaper, it worked and it was first. The victory reminded many of the way VHS prevailed over Betamax in the battle of the video cassette formats.

How are we to pay for all this? More than 4m Americans could use their AT&T Universal card. Eight months after its launch, it was the sixth most popular US bank card, having withstood attacks from its biggest competitors. The card, issued in Visa or Mastercard versions, has several attractions. One is a 10 per cent discount on AT&T's normal calling card rates, but more important the company promised "charter" account-holders they would never be charged an annual fee.

In industry, thin slab casting, introduced by Nucor, the US mini-mill steel maker, could prove to be one of the most innovative developments for many years. Thin slab casting allows a steel maker to squeeze the liquid steel to a thickness which allows it to go straight to the rolling mills. The expensive and time-consuming process of reheating and flattening slabs is eliminated, yielding thin slab casters a competitive edge over traditional steel makers.

An "under-achiever" - and proud of it - was one of 1990's over-achievers. Ten-year-old Bart Simpson became an anti-hero for millions of US school children. The Simpsons, a bawdy, bickering blue-collar cartoon family - blue hair in the case of mother Marge - commanded one of the biggest audiences on prime-time television within two months of their launch in January. The show spawned a vast array of licensed and pirated paraphernalia - including hats, watches, key chains, bed liners, bubble gum and a Bart Talking Doll.

Twin Peaks? Forget it. As Bart would say: "Eat my shorts, Laura Palmer." Reporting by Alan Cane, Charles Leadbeater, Alice Rawsthorn, Raymond Snoddy, Emilio Terrazano, Stefan Wagstyl and Karen Zagor.

LETTERS

The R&D of a high-tech dilemma

From Dr Aodh O'Dochartaigh.
Sir, Christopher Lorenz's report ("How to spur innovation", *Lombard*, December 14) is timely and constructive. ICL spends a significant proportion of its turnover (some £270m this year alone) on research and development. I believe that some form of tax relief would help compensate for the fact that many of our competitors abroad enjoy direct government subsidy and other forms of support for R&D.

However, I also believe that if and when the government starts to look at this issue objectively, it will recognise that there are a number of other ways in which it could improve the climate for Britain's high technology industries. Companies like ICL tend to be characterised by high R&D costs. One of the basic services the government could extend to UK high technology companies is to continue the drive for a genuinely competitive, deregulated European market place.

It could also help by working more closely with other European governments to identify ways of improving the efficiency of public administration at the European level by developing advanced and cost effective

IT networks. Provided these networks were based on Open Systems standards rather than proprietary standards, and were subject to transparent tendering processes, these networks could be rapidly implemented and would enjoy the benefits of open international competition while still providing a boost for the European industry.

Aodh O'Dochartaigh, director, ICL, 1 Putney High Street, SW15
From Mr Philip Campbell.
Sir, Christopher Lorenz is surely right to complain of a disproportionate emphasis towards R&D whenever industrial innovation is discussed. It is worth adding that many industrial scientists play the part of a vanguard, rather than the little to do with R&D, adding value not least through their grasp of what novel technologies can bring to their companies' operations and relations with customers. This contribution is underplayed, to the continuing detriment of many parts of the economy.

But Mr Lorenz needlessly injects a prejudiced account of the concerns about funds expressed by those in "big science". To him they may seek

of idealism or rank self interest. But that emotive phraseology simply does not do justice to the benefits, national and international, that those engaged in developing technology bring both to science and to industry, not to the fascination of the public (including the young who will become the manufacturers of tomorrow) in precisely those explorations. More to the point, Mr Lorenz appears to treat R&D funding as a zero-sum game between "big science" and support for near-market innovation, and makes no acknowledgment of published statistics showing how poorly the total UK spending on civil science and other forms of innovation compares with the spending of our neighbours.

For the sake of future skilled manpower and of the national economy, British scientists, engineers and manufacturers need to co-ordinate their vision of the future. They should not undervalue each other's activities, and Mr Lorenz should stop encouraging them to do so.

Philip Campbell, editor, *Physics World*, Techni House, Redcliffe Way, Bristol BS1

We could do with a few more years like 1976...

From Mr Tony W Ching.
Sir, I was puzzled by Joe Rogaly's claim, in an otherwise sensible account of social expenditure trends ("Costing Mr Major's Welfare State", December 14) that the arrival of the International Monetary Fund in 1976 put a stop to "drunken-sailor spending" by the 1974-76 Labour government.

Between first quarter 1974, when Labour took office, and fourth quarter 1976, when the IMF came to town, general government final consumption grew at just 0.7 per cent a quarter (Economic Trends Annual Supplement 1990) - exactly the same rate as under the preceding Conservative administration.

Envyant social spending had anyway proved rather a successful response to the recession bequeathed by Opec and (I regret to say) Mr Heath.

While the IMF, City and press feed over lavish lifestyles for pensioners and paupers, out in the real world 1976 was proving rather a good year for Britain. GDP and productivity growth, personal savings, shares of world exports, balance of payments, the international value of the pound - all were better than now.

Real interest rates, import penetration, average individual taxation (income tax, NI, VAT, rates) and unemployment were all lower.

The trade deficit was a fraction of today's monster, and improving much faster. Nor was the longer term being neglected: the slice of GNP devoted to investment was higher than in all but two years of the 1980s.

Industrial training was three times today's wretched level. And North Sea oil, that matchless gift to the 1980s, was coming along at a cracking pace.

We could do with more years like 1976. At a time when a major recession threatens to be as needlessly destructive as the Thatcher experiment, we could even learn some lessons from it. But not by wheeling out tired old propaganda myths in place of the factual record.

Tony W. Ching, 4, Drayton Green Road, Edling, W13

Sotheby's balance sheet debts are not what they seem

From The Earl of Gairloch.
Sir, Your correspondent Clare Pearson made a number of surprising comparisons between Christie's and Sotheby's ("Gavel falls on Christie's jobs", December 19).

We at Sotheby's are not retrenching by closing smaller offices; we are expanding our regional salesrooms by relocating them more conveniently for our British, overseas and continental clients.

The debts on our balance sheet finance our loan portfolio secured against works of art at conservative valuations. This is a service that has proved popular with our clients and profitable to ourselves and we intend to augment it.

Gowrie, Sotheby's, 34-35 New Bond Street, W1

The maligned System X is a success - in anybody's language

From Mr B.F. Lawson.
Sir, The article by Mr Peter Martin ("When X marks confusion", December 18) is totally misleading in its treatment of System X and shows some fundamental misunderstandings.

The author declares that the simple difference between the USA system and the UK System X facility is that "instead of being able to do one thing... you can do three". Most people would see the facility to do more things as a benefit.

GPT's System X Star Services software package was developed in response to our customers' requirements and provides a series of advanced features. All systems in the UK, not just System X, must meet these specifications if they are to provide similar exchange facilities.

However, such is the flexibility of System X that it can and does offer feature packages tailored to the needs of any tele-

communications administration across the world. "Call waiting" is one of the many features offered, and this could just as easily be implemented on System X as in the USA.

Regarding your point about System X's commercial success, you should be aware that System X has been sold to 16 telecommunications administrations including British Telecom, Mercury, Kingston Communications, China, Colombia, Kenya and the Philippines.

In the past year alone, the System X division of GPT has won the Queen's Award for Technological Achievement, the British Quality Award, BT's Network Supplier Award, and the British Training Award.

This can only be regarded as success in anybody's language. Mr B.F. Lawson, group director, GEC Plessey Telecommunications Ltd, Edge Lane, Liverpool L7

The only trip to the theatre some children will make this Christmas



In an ideal world, every child at Great Ormond Street would be well enough to go home for Christmas.

We'd never have to perform an emergency operation. Our intensive care ward would be empty.

In reality, our work continues 24 hours a day, 365 days a year.

70,000 children pass through our out-patients department annually, and another 9,000 need beds.

As you can imagine, the specialised knowledge and dedication needed to nurse them are enormous.

Unfortunately, so are the costs.

Each year, we have to ask the public for a staggering £10 million.

This year, we need even more.

Tragically, the Gulf Crisis has meant children from the Middle East can no longer get to Great Ormond Street for treatment.

So we've lost £1 million of private income that used to help all our young patients.

To help us make up this shortfall, please telephone us on 071 831 1199 or send a donation to: Ann Gillespie, Great Ormond Street Children's Hospital Fund, 49 Great Ormond Street, London WC1N 3HZ.

No one will be more grateful for a Christmas present. Help Great Ormond Street.

TRY

CONSTRUCTION GROUP PLC
Christmas greetings from Try
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FINANCIAL TIMES

Monday December 24 1990



Major makes his mark on US tour

By Lionel Barber in Washington

MR John Major arrived in the US an unknown quantity. But in 24 hours, in his own unassuming way, Britain's new prime minister made his mark.

This had not been a foregone conclusion. The Bush administration is focusing increasingly on the likelihood of war with Iraq and senior officials remain stunned by the resignation of Mr Edward Shevardnadze as Soviet foreign minister, an event which coincided with Mr Major's arrival on Thursday night.

The British response was to stick largely to the original game-plan for the prime ministerial debut: unequivocal support for the US stand against Iraq's President Saddam Hussein; strong backing for Nato as the cornerstone for the western alliance; and, more ambitiously, an effort to persuade the administration to show more interest in the multilateral trade talks under the auspices of the General Agreement on Tariffs and Trade.

Mr Major came across as deadly serious on the Gulf, just as serious as President Bush who informed senators last week that he might have to "kick ass".

There was much private talk on how to get the message across to Mr Saddam that he must withdraw from Kuwait by January 15 or face a war. But Mr Major would not be drawn on whether this could be a limited strike or force against Iraq before or after the UN-imposed deadline.

If there was a tangible success, it was on GATT. After spending Friday evening at Camp David - a shrewd move and the last of this being de rigueur - Mr Major emerged with a commitment from the president that the US would show more flexibility in advance of the mid-January meetings which aim to revive the stalled negotiations.

The US commitment is dependent on other parties - particularly the Euro-



Sharing the joke: UK Prime Minister John Major with President Bush at Camp David

pean Community - showing equal flexibility. But British officials believe Mr Bush's position could signal a willingness to compromise on farm subsidies or, perhaps, a readiness on the part of the president to persuade Congress to extend his fast-track authority to negotiate trade agreements beyond March 1.

This could be significant, since it would give negotiators more time to tackle the vast amount of work outstanding on the Uruguay Round of GATT negotiations; more importantly, it would mean Congress would still have to vote for or against one package rather than being allowed to amend (and threaten) the final deal.

In Brussels, this month, the US (supported by Third World countries) rejected as inadequate European offers to reduce agricultural supports

by 30 per cent over 10 years. The collapse of the talks jeopardised efforts to liberalise trade in services, textiles, patents and semiconductors. Some criticised the US for holding the Uruguay Round hostage to the agriculture issue.

Mr Major certainly suggested as much in a blunt session with Mr James Baker, US secretary of state, where he said US negotiators had not shown sufficient flexibility. This is the kind of talk which Mrs Margaret Thatcher, his predecessor, would normally have delivered to the European Community, but Mr Major apparently believes that Britain will be more effective by talking straight with both sides in a modest "honest broker" role.

In this case, the gamble appears to have been to go

over the heads of the leading US trade negotiators, Mrs Carla Hills and Mr Clayton Yeutter, and win over Mr Baker. It may work - although the initial signs were that the secretary of state did not relish being the target of such a well-briefed assault on trade.

Mr Major's riposte is that the prize is too great to be ignored: free trade should give an important boost to the flagging world economy.

Mr Major's easy manner and straight-talking approach to life impressed his audience, as did his message that Britain was determined to play its part in Europe.

As he said on Friday: "I think the US would want to see the United Kingdom absolutely central in a European Community, building and shaping the sort of community that is at present evolving."

Christmas thrives in the souks of Baghdad

By Richard Tomkins in Baghdad

ODDLY, perhaps, for a predominantly Muslim country on the brink of war with the west, Iraq is celebrating Christmas.

Many of Baghdad's streets are strung with festive lights. Shops and restaurants extend the season's festivities to their customers. The souks have been doing a lively trade in fir trees.

One reason the Christmas festival thrives in Iraq is that it has become blurred with the New Year celebrations which take place in Baghdad, as in the west, on January 1.

The distinctive Yuletide dimension to the festivities, however, results from the influence of a 500,000-strong Christian community - at 3.5 per cent of the population, one of the biggest in the Middle East.

Easily the most numerous of the several Christian groups are the Chaldeans, an eastern offshoot of the Roman Catholic Church led by His Beatitude Raphael I Bidawid, Patriarch of Babylon of the Chaldeans. Larger-than-life and enrobed in crimson, Patriarch Bidawid says the secular policies of the ruling Baath Party - itself founded by a Syrian Christian, Michael Aflaq - have been good for Iraqi Christians.

"In former times, we have been badly treated, but under the late regime of President Saddam Hussein there is no discrimination against us," he says. Apparently backing up his assertion is the prominent role of Christians in society, the best known example being Mr Tariq Aziz, the Iraqi foreign minister.

Privately, some Christians say they still face disadvantages. Inter-marriage with the Moslem community, for example, is forbidden unless they forsake their religion for Islam.

A more immediate fear, however, is that religious tolerance could be one of the first casualties of war if conflict breaks out with the west.

In the early stages of the stand-off, President Saddam's historical references to the crusades and threats of a jihad (holy war), to defend the Arab nation.

During the eight-year war with Iran, Christians were at one with their compatriots in the battle against Islamic fundamentalism. But today's crisis has made their position ambivalent.

Traditionally well-educated and heavily represented in the middle class, many Iraqi Christians have friends, relatives or other contacts in the west. Some say they would feel a good deal more comfortable if they could join them.

For the moment, the near-total ban on foreign travel rules that out. But according to one apprehensive Christian: "The day they let us leave, there is going to be an exodus."

Compulsory UK call-up is possible

By Ivo Dawney, Political Correspondent, in London

THE BRITISH government is poised to issue compulsory call-up papers on December 27 the first time since the 1960s it has asked reserve forces reservists to respond to an appeal for volunteers to serve during the Gulf crisis.

Yesterday, the UK Ministry of Defence confirmed that a decision would be taken on Thursday if the response to a voluntary call for 1,500 levy medical personnel failed to attract sufficient support.

It is understood that fewer than 1,000 reservists have so far responded to the appeal, prompting Mr Tom King, defence secretary, to seek a Queen's order in council last week to guarantee financial compensation and job security for volunteers.

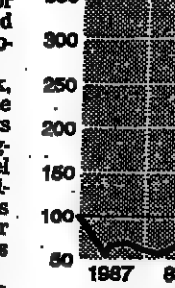
He had given notice earlier in the month that reservists with medical, engineering and ordnance skills would be needed in the UK, Germany and the Gulf. Reservists have been told they may be ordered to report to barracks on January 5, if the numbers remain below requirements.

A fancy price for Mickey Mouse

THE LIX COLUMN

Nintendo

Share price relative to the Nikkei Average Index



Source: DataStream

Better to travel than to arrive: a useful investment motto when it comes to investing in Europe's two big stock market projects - Eurotunnel and Euro Disneyland. The real big money is going to be made or lost before Euro Disneyland opens in April 1992 and Eurotunnel in June 1993.

In terms of construction risk, Eurotunnel was always the riskier of the two. Now that its equity base is 50 per cent bigger, the threat of the tunnel not being completed is minimal. Not surprisingly, its shares have risen by 16 per cent since the rights issue was completed earlier this month.

Similarly, Euro Disneyland's shares took a nasty tumble on Friday following a news report that it was seeking authorisation to raise FF500m of extra capital. When set against the FF575m of equity raised in November 1989, this was bound to raise fears that captive shareholders might face some dilution. The report turned out to be nothing more than a request for a blanket authorisation rather than a concrete proposal. This may be common practice among French companies, but it was bound to cause some concern among Anglo-Saxon investors who take their shareholder rights more seriously. Hence the skittishness of the share price.

While the construction risks of both projects have been greatly reduced, the commercial risks have been rising. Oil prices and interest rates are substantially higher than they were when these projects were first brought to the stock market and the near term economic outlook has deteriorated. Just as Eurotunnel has to prove that it can attract 28m passengers in 1993, Euro Disneyland has to demonstrate that it can find 11m customers in its first year. The forecasts may well turn out to be unduly conservative. But Euro Disneyland is selling on 20 times 1994 earnings, while its successful Walt Disney parent is selling on 15 times the depressed earnings expected this year.

Nintendo

When a share outperforms a local market by a factor of 3/4 over just 18 months, it is only natural for investors to take some profits. Nothing surprising, then, if the same stock were to fall back to mere 250 per cent outperformance. But when a host of analysts turn bullish on the long-term outlook for the shares and the company in question is Nintendo, something more is afoot, especially when the Christmas

Golf membership

Harrassed Tokyo golfers practising their swings in a cramped *torikago* deserve a little less sympathy than usual this year. The possibility of escape from the driving range onto the fairway has become much less daunting following a 60 per cent collapse in golf club membership prices. In March,

when the stockmarket was tumbling, membership prices were falling by up to \$500,000 a week at the top end of the market. Thereafter, the bear market in real estate dragged the Nikkei Golf Membership Index from its high of around \$50 back to 700 by November (at the beginning of 1989, the index was below 500). Speculators and golf club developers like Itohan which finance their projects by selling memberships in advance found their operations under mounting pressure.

Given the much bigger falls on the Nikkei stock index this year, membership of most clubs has nevertheless been a good investment. Whatever happens to land prices, the exclusive courses with the best locations will always have a development potential way above the intrinsic value of the golfing facility. And the queues to join are nearly as long as they always were.

Actuaries' pay

Spare a thought this Christmas for the occasional underpaid actuary, toiling at a year-end bonus declaration. Figures compiled in an idle moment by Smith New Court reveal that while all actuaries are theoretically equal, some are considerably more so than others. The annual returns filed by life assurance companies with the Department of Trade and Industry show the salaries of the appointed actuaries, the person at each company legally responsible for making sure that all the numbers add up. Smith found that the man at Standard Life received a handsome £163,764 in 1989, or twice as much as the fellow at Legal & General, who got £21,586. At TSB Life, the poor chap seems only to have managed £22,946 for seven months' work; and the man at London & Manchester did only a little better at £51,616 a year.

Thinking statistically, as befits the subject, it would be logical to expect that the rewards reflect the size of the company. But they do not. According to Smith, the man at Pearl Assurance earned £75,741 in 1989; his peer at the Scottish Mutual, less than half Pearl's size, made £37,212. The only general rule seems to be that the aspiring actuary would do better to choose a mutual rather than a shareholder-owned company. Among the UK's top 30 life companies, the appointed actuaries at mutuals earned on average in 1989 £96,200. Those at the shareholder-owned insurers had to settle for £90,336 each.

Yugoslavia rebels hold referendum

By Laura Silber in Belgrade

YUGOSLAVIA'S rebellious western republic of Slovenia yesterday defied the threats of the federal authorities by holding a referendum on independence. But Mr Ljudevit Petic, prime minister of Slovenia, denied that the referendum would mean a sudden separation from the federation.

Belgrade last week threatened to impose economic sanctions on Slovenia if it went ahead with the referendum.

The referendum asks voters to give the Slovene government a mandate to secede if the republics cannot reach an accord within six months and

is likely to be overwhelmingly in favour.

Slovenia and neighbouring Croatia have called for the transformation of the Yugoslav federation of six republics into a loose confederation of independent states.

Serbia, led by headline former Communist President Slobodan Milosevic, has staunchly refused to alter the country's federal structure.

The recent victory in the Serbian presidential and parliamentary elections of Mr Milosevic and his Serbian Socialist Party has heightened fears that it will be impossible to

reach a consensus on Yugoslavia's structure.

Croatia, the second biggest republic, passed a new constitution on Friday proclaiming a sovereign state. Under the constitution, control over the armed forces, diplomatic relations and international agreements will be devolved to the republic.

The 600,000-strong Serbian minority in Croatia, who have refused to recognise the new constitution, reacted on Saturday by declaring autonomy for the predominantly Serbian region around the town of Knin.

The moves by the western republics came amid warnings from the military that the Yugoslav People's Army would not stand by and watch the country fall apart.

Mr Petic warned at the weekend that Slovenia would "use force if necessary to defend its right to self-determination." He added: "The Slovene reservists will not be the first to use arms, but they will respond to violence with violence."

Slovenia and Croatia have recently transferred the command of their territorial defence units to the republics.

Thousands of UK retailers flout Sunday trading laws

By Alice Rawsthorn, Ivo Dawney and Lynton McLain in London

THOUSANDS of shops throughout England and Wales opened their doors to Christmas shoppers yesterday in the biggest challenge yet to laws against Sunday trading.

The Shopping Hours Reform Council claimed that 15,000 shops opened at several points in the day to counter the retail recession by drumming up extra pre-Christmas sales.

But the Keep Sunday Special (KSS) campaign said few shops were open apart from those spearheading the campaign. "There is not much doing, and even when there are people around they are not buying much because of the credit squeeze," said KSS.

Consumer groups and campaigners for Sunday trading reform hailed the massive flouting of the laws as proof

that a change was needed. But government officials insisted that there were no immediate plans for new legislation.

"The government has consistently said it is prepared to look at a scheme that is less than total deregulation," said one. "But there has to be some sort of consensus to find an agreement."

Breaches of the law were a matter for local authorities or the attorney-general's office. In London's Oxford Street, only British Home Stores, among the big stores, was open.

In nearby Regent Street, crowds swarmed round Hamley's, the world's biggest toy store, and the only large store in the street to open.

Ratners, the UK's largest

jeweller, opened all its high street stores yesterday for the third consecutive Sunday, apart from 13 of its shops which have received injunctions in the past fortnight. Mr Gerald Ratner, chairman, said they had made about 10 per cent of their usual weekday's sales for the past two Sundays.

The Consumers' Association claimed the public's reaction to yesterday's store openings reinforced its view that the restrictions on Sunday trading were "unpopular, outdated and unworkable."

Mr Derek Prentice, head of campaigning, said: "Shoppers have voted with their feet. Everyone agrees the present law is a mess. It should be scrapped. Sunday opening works in Scotland, so why should English and Welsh con-

sumers be penalised in this ridiculous way?" However, KSS said it had been "inundated" with complaints from retail staff under "intolerable pressure" to work on Sunday. Udalew, the shopworkers' union, said some of its members would have worked for 10 consecutive days before Christmas only to return to work on Boxing Day.

Mr Roger Bowden, director of the Shopping Hours Reform Council, said most of the staff working yesterday were volunteers and many had been paid premium rates. Even some of the retailers opposed to Sunday trading accepted the need for reform. The Co-operative Wholesale Society said the present situation was "a mess, which should be sorted out."

Few cheers for Walesa

Continued from Page 1

International Monetary Fund-approved austerity programme, is a clear signal that the president wants to see the deputy premier remain in office and even head a caretaker government until elections can be held in the spring.

New efforts to put together a cabinet are expected to resume after the Christmas break. Last week Mr Jan Olszewski - a noted defence lawyer and Mr Walesa's first choice as a prospective premier - dropped out of the running after failing to agree with the president on a government line-up.

Mr Walesa promised parlia-

ment that he would never forget his humble origins and that workers and peasants would feel at home in the new Poland.

But he failed to mention the Solidarity trade union, a sign that the president intends to govern alone without regard for his erstwhile allies.

In his speech in Parliament the President also stressed that the moment marked Poland's reemergence as an independent State and spoke of the need for good relations with Germany which he hoped would act as "a friendly gateway into Europe".

UK plans hard Ecu bond

Continued from Page 1

The total funds required in this period could run up to \$4bn (£7.7bn).

Under the scheme being considered by the government, borrowers would lend money in a range of currencies and would arrange for repayment at some time in the late 1990s either in these currencies or in hard Ecu financial instruments such as notes or coin - assuming these had been created by this time.

The new hard Ecu issue would be separate from issues of securities denominated in the existing basket Ecu - a notional currency based on the

average weightings of the main European currencies.

The government is believed to have been encouraged by the success in the past decade of the bond market in basket Ecus. Some Ecu100bn of such bonds have been issued over this period.

These bonds are now traded actively, particularly in London and Paris.

To ensure that investors would be able to distinguish between the new hard Ecu and the basket Ecu, there is some support in government circles for giving the hard Ecu a new name. One idea is to call it the Europe.

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Alaska	S	10	31	Seattle	C	11	32	Chicago	C	11	32
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Alaska	S	10	31	Seattle	C	11	32	Chicago	C	11	32
Alaska	S	10	31	Seattle	C	11	32	Chicago	C	11	32

Temperatures at midday yesterday. C-Celsius, D-Dewpoint, F-Fahrenheit, H-Humidity, N-Night, S-Sunny, B-Busy, M-Mist, T-Thunder

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INSIDE US carriers fly wing tip to wing tip



Will Trans World Airlines, the heavily indebted carrier controlled by corporate raider Carl Icahn, do a little last-minute Christmas shopping?
On Friday afternoon, Pan Am, one of the most cash-strapped of the American carriers, finally gave a conditional welcome to TWA's persistent merger advances. This response has left Mr Icahn playing a delicate hand. Nikkei Teit reports. Page 14

That was the year
1990. It saw investors scurrying to find havens of high quality and low risk, as the Japanese stock market collapsed, Iraq invaded Kuwait, and some important economies slid into recession. Credit ratings, however, slipped under the strain of harsher economic conditions, making it harder to raise funds in the international capital markets. In international bank lending, it was also the year that saw a decade of easing come to an end, not with a bang but with a whimper. Page 15

Lasmo takes out £100m loan
To help fund its continuing development plans in the North Sea, Lasmo, the UK oil company, has raised a £100m loan from the European Investment Bank. The loan will be paid in dollars to finance Lasmo's £850m share of total North Sea development costs in the next five years. Page 16

Lilleshall agrees £10.8m deal
Lilleshall, the UK industrial distribution and building products company, is to take over Brymill, an unquoted West Midlands group that withdrew from the steel industry last January. The recommended offer values Brymill at £10.8m. The deal is the largest and latest of a number of acquisitions since Mr John Leek, the former steelmaker, became chairman of Lilleshall three years ago. Page 14

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Spotlight on Siemens' changing act

Ian Hargreaves and David Goodhart report on strategy at the German electronics group

Perhaps it was the arrival in Munich of the first heavy snow of winter which put Mr Hermann Franz in a meteorological mood. "It's not exactly comfortable here," said Siemens' chief corporate strategist, in the storm of the world which comes from east and west.

The year's changes - the unification of Germany, the opening up of eastern Europe and the crisis in west Europe's electronics industry, epitomised by the difficulties at Philips - have come just when the company has overhauled its management structure and begun to introduce a more aggressive and flexible style into its 300 businesses, employing 350,000 people.

This new style has been much in evidence, notably in the absorption of Nixdorf, making Siemens Europe's number two computer maker behind IBM, and the takeover, with Britain's GEC, of Plessey. All of this comes against the backdrop of tightening competition from Japan and the US, and on the company's own doorstep, from European companies like ABB.

These circumstances have combined to train a fierce spotlight on Siemens, which finds itself cast as a prime force in uniting Germany and as an increasingly lonely champion of European electronics. So how is the group dealing with these heavy responsibilities?

Events in the east, says Mr Franz, have not altered Siemens' westward-looking strategy, which is to become a global company with its core in Europe and a second leg in the US.

Nearly half of sales remain in Germany, with 75 per cent in western Europe and only 10 per cent in the US, a figure the company aims to double. Progress in penetrating the protected Japanese market, will continue to be slow, says Mr Franz.

In the east, Siemens is already the most active participant in the industrial development of eastern Germany; but the market is too small to alter the balance of the company's global strategy. In the rest of east Europe, Mr Franz sees further scope for locally-based joint ventures in core products like telecommunications equipment and power plant, but not much opportunity for serious profitability. "The Soviet Union will be an interesting market in the long run. But in the next 10-15 years it won't be much of a market for us, because of the lack of hard currency." Any widening for the European Community into Poland, Hungary and Czechoslovakia is a question for the next century, he believes.

The core of the Siemens strategy is to narrow the range of its businesses in order to reduce the



Management System: Seven Core Statements

Strategy	Competitive Strength	Achieve and sustain leading positions world-wide
Identity	Progress	Technological, social and marketing competence focus on progress
Entrepreneurial Style	Will to Lead	Agree on clear objectives and vigorously transform them into competitive advantage
Managers	Entrepreneurship	Managers and employees think and act as if it were their own company
Executive	Speed	Facilitate decision-making through integrated business functions
Decision-Making	Close to the Customer	Market-oriented business functions create entrepreneurial freedom
New Organization	Systems Integration	Integrate competitive products into problem-solving systems
Strength		

Strategist Hermann Franz: More aggressive and flexible style for Siemens' management structure

number of activities in which it does not have a sufficiently commanding position. According to Siemens, it is represented in 80 per cent of the whole spectrum of electrical and electronic capital goods markets (and claims to be in the top three or four in three-quarters of them), compared with only 71 per cent for Hitachi, 64 per cent for Toshiba, 52 per cent for GEC, 46 per cent for Philips and 28 per cent for General Electric. "Siemens is not too big, but its too broad," says Mr Franz. "We are smaller than IBM, but IBM is only in one segment."

This is the explanation behind the acquisition strategy - Plessey brings a deepening of presence in telecommunications and defence electronics, for example - and for a less remarked upon programme of disposals. In recent months, for example, Siemens has placed its office printer interests inside a 49.51 per cent joint venture with Mannesmann and merged its Hell printing business with Linotype. It is characteristic of Siemens to proceed by joint venture both in scaling

down and scaling up. "The main criterion is that one of the partners has the leading part, clearly from the very beginning," says Dr Zimmerman.

The company is tactful about its well publicised difficulties in dealing with GEC, following the Plessey acquisition. "It's always a bit of a problem when you have two self-confident companies with very distinct cultures," says Mr Franz. "At Siemens we have long traditions and we are still very much a firm based on family tradition - it's rather paternalistic. At GEC it's different."

Mr Franz says the 40-60 per cent alliance with GEC on the GPT telecommunications company is "stable", although he stresses the technical agreement in the partnership, which is expected to work in Siemens' favour. Plessey represented a first toe in the water on hostile takeovers for the German company and, says Mr Franz, it may well be the last. "This is not an example for the future. It is not part of Siemens culture to make hostile takeover bids."

In computers, Siemens is pre-occupied digesting Nixdorf and reluctant to make precise forecasts. "We do not yet know how many corpses we will find in the cellar," says Mr Franz. The aim is break even within two years and in the meantime there is no inclination to make further acquisitions in the troubled European computer scene. "Siemens alone is not able to solve the problems of the European computer industry," he says.

This sense of declining membership of the genuinely European computer and advanced electronics club is clearly something which troubles Siemens, although the company maintains that it retains faith in the regime of Brussels-coordinated research projects. Executives argue that Juel - the project to develop advanced European semiconductor - will continue to flourish in spite of Philips' partial withdrawal. Indeed, Siemens shows no sign of flagging in its loss-making commitment to the chip business, fearing Japanese "blackmail" if it does give up. Its

French back TVS efforts to retain franchise

By Maggie Urry

BOARDROOM changes at TVS Entertainment are designed to give the television group the best possible chance of retaining the commercial television franchise for the south and south east England area, advisers to the company said yesterday. One said: "The company now has an excellent chance of retaining the franchise. I would not have said that a week ago." The application will be made in April.

The group has also won financial support from its two large French shareholders, Compagnie des Eaux and Canal Plus, which hold 19.4 per cent of TVS shares. These two will "take steps to ensure that TVS Television is both commercially and financially able to make a successful application" for the franchise, the group said. Strong financial backing is an important element in any application for a television franchise.

Mr James Gatward, is giving up his title of TVS chief executive in order to concentrate on running the TVS Television business, which operates the franchise. It was uneasy with Mr Gatward's management that sparked the boardroom reshuffle, agreed on Friday.

Mr Rudolph Agnew, former chairman of Consolidated Gold Fields, is joining as chairman, replacing Lord Boston who is leaving the company. Mr Agnew's particular role will be to sort out MTM Entertainment, the US television company which TVS bought for \$320m (then £190m) in 1988 but which has since been a severe drain on TVS. He is to consider a variety of options including selling all or parts of MTM.

Mr Gatward was regarded as responsible for buying MTM and had been dividing his time between the UK and US to the detriment of the UK business. Ten days ago two non-executive directors, Baroness Sharples and Mr John Elton, resigned from the company. Mr Elton said yesterday that the two had independently reached the conclusion that they no longer had confidence in Mr Gatward.

Mr Gatward received a salary of £219,000 in the 14 months to end December 1989 and has a five-year contract with TVS. Schroders, the group's merchant bank, is understood to have played an important role behind the scenes to effect the changes, because of fears among shareholders that the company would lose its franchise. Along with concerns about MTM, this had depressed the share price, which closed at 75p on Friday.

Economics Notebook: Bundesbank policy

Merry Christmas and a fighting new year

LET US hope that Mr Karl Otto Pöhl, president of the Bundesbank, is having a good rest over Christmas. For next year, as one of his own officials puts it, it is likely to be the most difficult ever in the history of the German central bank.

Mr Pöhl is destined for some furious rows with his own government over the speed at which Germany's enormous public sector deficits can be reduced. He may also be slugging it out with various foreign governments. The European Monetary System, after four years of comparative calm and convergence, is heading for a turbulent 1991, as the costs and the benefits of the boom in domestic demand (Germany's unit force an excessively restrictive monetary policy on recession-bound Britain and France).

The diverging priorities of the EMS's ruling economy from most of the rest, and the ability of the legally-independent Bundesbank to impose its anti-inflationary will regardless of pressure from London, Paris or even Bonn, is bound to cast a shadow over the EC's inter-governmental conference on monetary union.

To some it will underline the urgency of replacing the dictatorship of the Bundesbank with a European Central Bank which is required, in some form, to listen to member governments. To others, tension inside the EMS will show how foolish it is to abandon national currencies until a far higher degree of economic convergence has been reached.

Either way EMS squabbles will inject a note of realism into the deliberations. If that means slowing down progress towards a single currency it will be a cause for celebration inside the Bundesbank and at the Bonn Finance Ministry. But the squabbles might also be a cause for embarrassment among German policy makers. Is it not the Bundesbank that

has repeatedly lectured the rest of the world on the need for stability? And is it not Germany's combination of tight monetary policy and lax fiscal policy that is now the cause of instability? France, next year expected to have a lower inflation rate than Germany, has started giving the Bonn Finance Ministry tips on good-housekeeping.

German unity, however, is a unique event and "German Reunification", as many German economists are now calling the current policy regime, has its positive side. Thanks to the unity-increased demand Germany is finally playing the locomotive role that its partners were pleading for in the mid-1980s. Increased German imports, especially from the Benelux countries, act as a counterbalance to recession elsewhere.

The "price" for this locomotive role is interest rates a point or two higher than they would otherwise be. But the capital markets are taking a relatively calm view. Having pushed German bond rates up by two points to 9 per cent in February, the line has been held despite a steady leakage of bad news on the costs of unity.

The Bundesbank, and a large part of the German economic profession, is taking a less sanguine view and official rates are almost certainly heading up again in the New Year. Mr Heiner Flassbeck, economist at the DIW Institute in Berlin, says: "The Bundesbank simply does not trust Bonn to get a grip on the budget problem."

The pre-Christmas negotiations in Bonn on finding the DM35bn (in savings or extra tax income) merely required to keep the overall deficit to DM150bn (100bn) in 1991 were certainly not confidence inspiring. Mr Theo Waigel, Finance Minister, is toying with reducing pension contributions, rais-

ing unemployment insurance, cutting out old subsidies to west Berlin and the inner-German border region, cutting the defence budget, demanding more money from the Bundespost and raising various duties.

But there is no consensus within the coalition and no precedent for such cuts. If west German local authorities postpone half of their investment projects over the next five years that would release more than enough capital for the east. But democracy does not work like that. Mr Waigel will almost certainly have to raise taxes.

Privatisation, too, would be a psychological boost, argues Mr Hans-Peter Fröhlich, of the DIW in Cologne, although he concedes it would not help in the primary function of relieving pressure on the capital markets.

The report of the five leading economic institutes calculates the net burden on the capital markets from Germany's deficit in 1991 at about DM100bn, roughly the size of German capital exports last year.

However, the DM100bn figure does not include the planned borrowing of the Bundespost (DM10bn a year for seven years) and the Bundesbahn or the spending of the Treasury, the trust body which owns east German industry. The latter could be spending DM30bn to DM40bn a year paying off old corporate debts and covering new ones.

If the economic take-off in east Germany continues as hesitantly as it has begun a DM100bn-plus figure per annum could be weighing down the markets and keeping interest rates high for several years to come.

The effect on the external balance will be dramatic. According to the BIC bank, the current account surplus (DM104bn last year) could be as low as DM30bn in 1991. Last

time it disappeared altogether, in the early 1980s, the Bundesbank imposed what was then regarded as a brutal monetary regime. For that reason, among many others, an upward revision of the D-Mark in the EMS seems unlikely.

"We are in the Reagan phase," warns Mr Jörg Beyhuss of the DIW. "We must watch out that we don't reach the Bush phase." His colleague, Mr Fröhlich, adds: "Pressure from outside Germany would be helpful but it must be directed at Bonn's fiscal policy not at Frankfurt's monetary policy."

Gold reserves

Could Germany sell off some of its gold reserves to help reduce the deficit? The rumour is greeted with a no comment at the Bundesbank, and the Finance Ministry denies that it has proposed to the central bank that it mint and sells off DM1bn worth of gold coins from the reserves.

The Bundesbank has just under 3,000 tonnes of gold with a book value of DM13.7bn but a market value of about DM60bn. Economists say selling off a significant chunk would be terribly damaging to confidence.

But over the past few years Canada and Belgium have sold off large slices of their reserves. The gold price is low but there is interest in bulk transactions from developing countries eager to switch out of dollars. Also the future European Central Bank is proposing that gold reserves be placed with it at current book value; an incentive to realise the market value before its too late. If the Bundesbank is going to be obstructive, the Finance Ministry can start by selling the 22 tonnes of gold which it acquired from the former East German state bank.

David Goodhart

Organic chemicals disposal by Schering

By Andrew Fisher in Frankfurt

SCHERING, the German pharmaceutical and chemicals company, is selling its Diamalt subsidiary, which makes organic chemicals for the food and agricultural industries. The disposal is being made because the business does not fit in with Schering's main activities.

The Munich-based subsidiary, turnover of which has risen this year to some DM175m (\$117m) from the DM148m of 1989, is being bought by its management, a consulting company, and 31. the UK finance group. The price has not been disclosed.

Diamalt has been making losses in recent years, though Schering has said it hopes the company will break even in 1991. It reported a DM15m profit for 1989, but this was because Schering covered its operating losses with an interest-free loan. Diamalt has 600 employees.

Schering said that Diamalt's business would remain intact as a result of the deal. It has been trying to sell the company since 1989 but could not find a purchaser who was prepared to keep the whole business going. A few years ago it sold Nepra, a US company which has a similar operation to Diamalt's.

Schering, which is based in Berlin, has been concentrating more and more on its pharmaceutical operations in recent years and has also been looking for a partner for its agricultural business, after failing on a joint venture with Sandoz of Switzerland broke down in May. It reported a 15 per cent rise in net profits of DM203m in the first nine months of 1990.

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COMPANIES AND FINANCE

Hardship ahead for marriage in the sky

Nikki Tait looks at the harsh realities of any merger deal between TWA and Pan Am

It may have been the week-end before Christmas, but the question of whether Trans World Airlines, the heavily indebted carrier controlled by corporate raider, Mr Carl Icahn, does a little last-minute shopping was still unanswered yesterday.

On Friday afternoon, Pan Am, one of the most cash-strapped of the American carriers, finally gave a conditional welcome to Mr Icahn's persistent merger advances. In a letter, Tom Plaskett, Pan Am's chairman, acknowledged that "given the state of the industry, the time is right for us to see if we can put together a proposal that can both win approval from our shareholders and have every likelihood of being consummated."

The decision was not taken easily, and contrasts with some analysts' expectations. Mr Icahn made his new merger proposal over a week ago, suggesting TWA bid \$1.50 in cash with a further \$1 nominal in preferred stock or promissory notes for its ailing target. If the preferred stock is taken at face value, that puts a \$375m price tag on Pan Am.

But the Pan Am board only

gathered on Wednesday, and it took a further 48 hours for Mr Plaskett to fax his letter to the New York-based financier. Moreover, Pan Am made clear that any deal with Mr Icahn would require TWA to provide "bridge finance" - that is, some form of temporary loan - to see it over the months that could elapse before a merger was consummated.

This is tricky. Pan Am, according to a recent estimate by Standard & Poor's, is facing a daily cash drain of around \$2m. It has already debt (on balance sheet) estimated by analysts at some \$1bn, and has been deferring payments to various creditors. Indeed, even as the TWA situation developed, the airline spent the weekend negotiating with Airbus over a \$18m payment, originally due 10 days ago and then subject to a seven-day "grace period", now expired.

It is true that the sale of Pan Am's London routes to United is designed to bring in another \$200m but, given the regulatory obstacles, the timing - even the certainty - of this payment is not guaranteed.

His response appears to leave



Carl Icahn: left playing a delicate hand

hand. In a letter to TWA employees on Friday, he acknowledged that Pan Am's response provided grounds for "continuing to evaluate financing", and the airline has had its lawyers working on a possible deal over the weekend.

But the financier has subsequently indicated that he would prefer Pan Am to file for Chapter 11 bankruptcy protection anyway. Such a move could give any new loan which TWA - or its banking backers

- provided, a much better chance of repayment if a merger deal subsequently fell apart, or if Pan Am was liquidated.

That notion - together with the general state of negotiations - are not matters which the Pan Am camp is keen to discuss publicly. But there seems little doubt that the airline now believes the ball is back in Mr Icahn's court, and that for much of the weekend, direct discussions between the two parties have been relatively limited.

Certainly, nobody's options look appealing. In simple operating terms, analysts suggest that TWA needs Pan Am as much as the latter needs TWA. Assuming that TWA's proposed sale of its London routes to American Airlines gains regulatory approval at some stage, Mr Icahn - who became chairman of the loss-making carrier five years ago - will have reduced the airline to a shadow of its former self. Essentially, it would take in a domestic hub at St Louis, a small hub in Paris, and some point-to-point routes between the US and Europe. The Icahn era has meant minimal aircraft

replacement, leaving TWA with the oldest fleet in the industry. And although asset sales have provided plenty of cash in hand, it also has debts (on balance sheet) of around \$2.5bn.

Pan Am, on the other hand, retains a Frankfurt hub, which it had hoped to use as a focal point for growing east European traffic, and still owns its Latin American routes. With the help of a marketing agreement with United Airlines - improving the feed into its Miami hub - Pan Am had maintained that this could form the basis for a viable operation. Accordingly, it rejected advances from TWA earlier this autumn.

But, after five years of asset sales, Pan Am - in contrast to TWA - has only minimal cash on hand. Without the United payment, the chances of airline surviving the lean winter traffic period do not look good.

Asked whether the conditional acceptance of TWA's proposal was a forced move, Pan Am declined to comment. But if a marriage ever does come about, there could scarcely be a more destitute bride and groom.

London and NY Trust makes £6m rights issue

By Maggie Urry

LONDON AND New York Convertible Trust, an investment trust specialising in UK and US convertibles, is raising £6.2m through a rights issue, appointing new investment managers and changing its investment policy.

This will result in "considerably lower" dividends per share, the trust said, and a reduced degree of risk.

The trust was launched in December 1989 through a placing of 15m shares at 100p each, which was underwritten by the convertible market in the UK, and to a lesser extent the US, has proved disappointing. The trust has underperformed the UK convertible market, and the weakness of the dollar has cut the value of its US assets. The shares closed on Friday at 46p.

As a result the trust is close to breaking the covenants on a dollar loan taken out at its launch and now amounting to £1.1m. The rights issue, one-for-one at 46p, will raise shareholders funds to £12m.

Capital House Investment Management is to resign as manager and will be replaced by Foreign & Colonial Management, which is underwriting half the issue. After the rights issue, Foreign & Colonial could have up to 25 per cent of the trust's shares.

The investment policy will be widened to take in high yielding equities, and convertible securities issued in continental Europe and the Far East.

If shareholders approve the proposals at a special meeting on January 15, there will be a number of board changes and the trust will change its name to Foreign & Colonial High Income Trust.

LASMO raises £100m to help fund N Sea development

By Deborah Hargreaves

LASMO, the UK oil company, has raised a £100m loan from the European Investment Bank to help fund its continuing development plans in the North Sea.

The loan will be paid in dollars to finance LASMO's \$650m share of total North Sea development costs in the next five years.

The financing comes on top of \$325m in long-term funds raised by the company this year. The 12-year loan carries an interest rate of 8.75 per cent which is paid twice a year with repayment to start from the fifth year of its life.

The loan is supported by a letter of credit facility which has been provided by a syndicate of banks led by West-

deutsche Landesbank and including Bayerische Landesbank, BHF-Bank, DG Bank and Hessische Landesbank.

LASMO comes to the bank market as other oil companies are taking advantage of their current market strength to lock in long-term funding.

The company has already secured funds this year through a private placement of debt in the US market where it paid an average interest rate of 10.15 per cent on debt with maturities from 10 to 15 years.

It has also issued a \$20m 15-year convertible bond with a coupon of 7.7 per cent and secured \$75m of medium-term North Sea bank finance.

Lilleshall agrees £10.8m Brymill acquisition

LILLESHALL, the industrial distribution and building products company, is to take over Brymill, an unquoted West Midlands company that withdrew from the steel industry in January this year, in a recommended offer that values the company at £10.8m, writes Richard Gourlay.

The deal, which is subject to shareholders' approval, is the largest and latest of a number of acquisitions since Mr John Leek, the former Hill Samuel banker, became chairman three years ago.

Acquisitions have been received from 62.5 per cent of the Brymill shareholders.

The former steel company now holds £8.5m in cash balances and owns the freehold on a 21 acre industrial estate in Tipton. It had net tangible assets of £9.4m in September and its properties had a book value of over £3.1m.

Mr Leek said that the Brymill acquisition would substantially enlarge Lilleshall's capital base and increase the cash resources of the group.

"The next 12 months will provide great opportunities for those companies such as Lilleshall which have a significant capital base and cash resources," he said.

The terms of the offer include 96p in cash with a loan note alternative and 20p in convertible preference shares of £1.

Lilleshall intends to sell Brymill's property portfolio when market conditions improve.

In the year to September 30 Brymill made pre-tax profits including income from investments of £1.13m on turnover of £0.9m. Rental from its properties exceed £200,000 a year.

Reorganised Ifico tumbles

THE YEAR to June 30 was "not an easy one" for Ifico, the commercial insurance broker, admitted Mr Jacques Delacave, its chairman.

Taxable profits plummeted from £2.17m to £493,000, though Mr Delacave was quick to point out that "any meaningful comparison between the two years was well high impossible" due to the fundamental changes to the company which took place over the 1989-1990 period.

He explained that rationalisation of the group's activities

had been completed; the corporate finance and related activities side had been closed down; MBI Administration had been acquired; Fair Insurance Management (Life and Pensions) had been disposed of; and the litigation with C&C International Finance had been settled.

Turnover was drastically reduced at £1.91m (£11.51m), though continuing business was only down to £1.63m (£2.28m). Similarly, the pre-tax profit figure was warped by the sale to £22,000 (£1.25m) in

business disposed of. The attributable loss totalled £2.45m (£3.93m), after an extraordinary debit of £2.74m (£5.1m), in large part the costs of the C&C litigation. Earnings fell to £1.4p (4.68p) and the final dividend is passed (0.5p).

Mr Delacave said that IFW International had been registered as a Lloyd's broker from September 1, enabling it to expand in a number of areas. Also he was optimistic over the potential for expansion at M&A, both in the UK and on the continent.

Ensor falls sharply to £331,000

Ensor Holdings, the Cheshire-based building products supplier, returned pre-tax profits of £331,000 in the six months to September, compared to £277,000 in the previous period amid serious weakening of demand in the sector, writes Richard Gourlay.

The recession had reduced turnover and eroded margins during the period and conditions were not expected to improve, Mr Brian Morgan, the chairman, said.

"Although our cost base has already been reduced to maintain a competitive edge, some Government stimulation is urgently required to generate confidence and promote a resurgence in house building and general construction activity," Mr Morgan said.

The board is recommending a maintained dividend of 1.25p.

Sales fell 11 per cent to £26.2m and the interest charge rose £180,000 to £448,000. In the vehicle division sales held up well but Mr Morgan said the enquiry rate was falling off following a loss in confidence in an early reduction in interest rates.

Electricity shares

The Post Office said yesterday that it would do its utmost to deliver as many letters to electricity share applicants today as possible. It said it received another 530,000 letters for delivery over the weekend, taking the total to 12.5m. Those included returned cheques as well as successful allocations. However, not all letters would be delivered before Christmas, it said.

MITSUBI REAL ESTATE DEVELOPMENT CO., LTD.

YEN 30,000,000,000
FLOATING RATE NOTES DUE 1995
Notice is hereby given that for the interest period from 20th December 1990 to 20th June 1991, the rate of interest will be 7.6% per annum. The interest payable on 20th June 1991 will be Yen 778,999 per each Yen 10,000,000. Note: Agent Bank: The Mitsui Bussan Kaisha Ltd. London.

Volvo president sees difficult two years

By Robert Taylor in Stockholm

VOLVO, the Swedish auto group and Scandinavia's largest private company, faces a difficult two years. However, its prospects in the long run are more promising, Mr Christer Zetterberg, the group's new president and chief executive officer said yesterday.

He emphasised that despite the company's intention to grow and expand abroad, it would remain based in Sweden, where it has 70 per cent of its staff and 75 per cent of its assets.

"A very large number of vital questions for Swedish industry are moving at a pace and in a direction that is astonishing. Conditions to motivate industry have changed in a decisive way," he said, while pointing to the government's decision to apply shortly for membership of the European Community, the radical tax reforms that come into force next month, and cuts in welfare spending.

Mr Zetterberg's buoyant mood contrasts with the falling last month when he announced a SKr193m (£34.6m) loss for Volvo in the first nine months, mainly due to a SKr2.45bn restructuring cost. Then, he was critical of Sweden's high cost and low productivity problem.

Volvo's third-quarter losses

also reflected the recessionary impact on auto, truck and bus sales in the company's important US, British and Nordic markets, which account for 60 per cent of its total business. The Middle East crisis had added to the uncertainties, he said. However, he also saw signs that the fall in the demand for cars had reached its nadir.

Mr Zetterberg said demand in Germany for the Volvo 900 series was better than Volvo had experienced for its models in that difficult, competitive market. He also noted a rise in demand in south Korea and Japan.

He said the company's strategic alliance with the French auto maker Renault had a "potential through co-operation, greater than we believed when we went into it".

Swedish investment group Proventus International said it had increased its stake in Britain's Transport Development Group to 14.6 per cent of share capital.

Proventus International said it had bought 5m shares, representing 3.8 per cent of the share capital, for an undisclosed sum. On August 27, the group said it had bought 10 per cent of the shares for SKr320m, making it the single largest owner.

Electrolux debt rating is lowered

ELECTROLUX, the Scandinavian consumer goods manufacturer, has had \$1.1bn of outstanding long-term debt and commercial paper downgraded by Moody's Investors Service, the US credit rating agency, writes Simon London.

Moody's has lowered the company's long-term debt rating from A2 to A3. Commercial paper issued by its subsidiary White Consolidated Industries has been downgraded from Prime-1 to Prime-2.

Electrolux has pursued a strategy of growth through acquisition, making more than 200 acquisitions in the 1980s. Moody's said the downgrading reflected a likely erosion of earnings in key markets, including the US and UK, and continuing high debt levels.

Great Atlantic & Pacific Tea Company, the US supermarket group, has aborted plans to buy a 51 per cent stake in Warehouse Club, which operates a chain of discount outlets in the Mid West, writes Nikki Tait.

The deal envisaged that A&P would pay around \$11m for the stake in the loss-making "warehouse club" operator. It would have marked A&P's first move into this high-growth segment of the US retail market.

Union Carbide, the US chemicals group, has agreed to sell its 50 per cent stake in KEMET Electronics for \$235m to an investor group which includes the unit's management. The remaining 50 per cent is held by General Electric Capital and KEMET management, writes Karen Zager.

The sale is expected to boost Union Carbide's fourth-quarter earnings by \$25m or 21 cents a primary share. The move is part of a minor restructuring at Union Carbide, which is moving away from businesses which do not fit its strategy.

PLM, the Swedish group which is Europe's fifth largest producer of packaging, has awarded a more than FF1bn (£198m) contract to Pechiney, the French aluminium and packaging company, to supply its plant at La Ciotat near Toulon, writes William Dawkins.

This makes Pechiney's plant at Neuf-Brisach in north-eastern France the main supplier of aluminium can stock to PLM's recently completed French plant.

Astra, Sweden's leading pharmaceutical company, has won the approval of the regulatory authorities in Japan for its anti-ulcer drug Losec in the short-term treatment of gastric and duodenal ulcers as well as reflux oesophagitis.

Court commits Bond arm into liquidation

By Tim Blue in Sydney

THE FUTURE of the Bond Corporation is again in doubt following a court decision to commit one of its subsidiaries into liquidation. An appeal to the High Court remains a possibility.

The full court of the South Australian Supreme Court reaffirmed earlier court orders placing the Bond Corp subsidiary J. N. Taylor Holdings in provisional liquidation. However, it agreed to a further stay of the order until January 3, to allow three company directors time to seek an appeal before the High Court.

Analysts says the order - if affected - will make any Bond Corp restructuring proposals more difficult to carry out. In a judgment handed down on Friday, the court rejected an appeal against the liquidation order from both J. N. Taylor and directors Alan Bond, Peter Mitchell and Antony Oates.

Chief Justice Len King said he did not regard an offer of the three directors to resign and a proposed replacement board as offering any protection to shareholders. He said it was in the interests of the company that provisional liquidators be appointed to examine what measures are available to preserve its assets.

Following Friday's judg-

ment, counsel for the directors Mr Nick Swan asked for the order to be stayed again while he sought an appeal to the full court. The court rejected Mr Swan's application, but granted the limited delay to allow further consideration of a longer stay by the High Court. The application for liquidation was made by 26 preference shareholders attempting to recover about A\$277m (US\$220m) in claims to Bond-related companies.

It is widely believed that the appointment could severely damage Mr Alan Bond's strenuous efforts to save his company through a complicated debt restructuring. A provisional liquidator would be expected to pursue the A\$277m claims against J. N. Taylor by Bond subsidiary, Bond Corp Finance, and Mr Bond's family company Daihold Investments.

Bond Corp owns 71 per cent of the ordinary shares in J. N. Taylor, while Bell Group, which is 70 per cent owned by Bond Corp, controls a further 28 per cent.

The loans owed to J. N. Taylor are in the form of A\$86.8m owed by Mr Bond's family company Daihold, and two loans of A\$114m and A\$68m to Bond Corp Finance.

Adsteam group reveals total assets of A\$1.7bn

THE ADSTEAM group has total net assets of A\$1.7bn (US\$1.3bn), arising from total assets of A\$10.9bn and total liabilities of A\$9.2bn, according to aggregated accounts released by Adelaide Steamship to the Australian Stock Exchange.

The balance sheet information, contained in letters to shareholders, also shows current liabilities of A\$4.3bn. This is made up of A\$2.4bn of borrowings, A\$392.5m of provisions, and A\$1.5bn of other debt.

Notes to the accounts show total shareholders' equity was A\$1.6bn, representing the aggregated audited net assets of Adelaide Steamship, David Jones, Tooth and Co, National Consolidated, Petersville Sleight and associated companies.

Aggregated assets included cash on hand of A\$260.5m, receivables of A\$1.3bn and inventories of A\$2.4bn. Current assets totalled A\$4.3bn, which included A\$2bn of investments.

Notes to the aggregated accounts said the companies had about A\$324m in "possible future benefits relating to tax

losses" in addition to A\$196.1m accounted as future income tax benefits. The group has accounted A\$10m in provisions towards deferred income tax.

Adsteam said the accounts represented an aggregation of 1990 balance sheets of Adelaide Steamship, David Jones, National Consolidated, Petersville Sleight, Industrial Equity and associated companies.

The letter, signed by Adelaide Steamship chairman Ken Russell, said the group was ahead of its assets sale program and this had "considerably" reduced debt within Adsteam and its associates since balance date. However, he warned that shareholders should expect some write-downs of asset values in the interim results.

Mr Russell also said the group incurred losses of A\$181m in realising A\$1.5bn in assets, with most of the losses due from the sale of the bank share portfolio. Those losses would be brought to account by the relevant companies this year, but he added that book value or better was achieved for most of the other assets.

LBMS falls £1.1m into loss of £618,000

Learnmonth & Burchett Management Systems, the USM-computer services group, reported a £1.18m turnaround to pre-tax losses of £618,000 in the six months to October 31. Mr Rainer Burchett, chairman, said that for the first time in almost 20 years a general recession was having a severe effect on the IT industry.

The loss was worsened by exceptional rationalisation costs of £202,000 and development costs of £1.64m (£1.1m). Turnover rose to £9.64m (£8.03m). Losses per share were 3.4p (2.7p earnings), and in view of the first half result and the general economic uncertainty, the interim dividend is halved to 0.4p.

Abbey Panels

Profits of Abbey Panels Investments, with interests in the motor, aerospace and defence industries, had a static year to end-September with profits rising by just £9,000 to £1.48m pre-tax.

Turnover totalled £18.08m (£15.78m). Earnings slipped to £4.81p (£7.08p) but a proposed final dividend of 3p makes a same-again total of 3.5p.

Lex Service

Lex Service has sold SMT Dunelm, a Vauxhall and Citroen dealership, and Lex Carlisle, a Volkswagen Audi dealership. Lex will receive about £1.6m in cash for the premises and net assets less liabilities of the businesses.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Abbey Panels	3p	Feb 22	2	3.5	3.5
Forminter	3.475	Feb 16	3.025	nil	10.22
LBMS	0.4p	Feb 12	0.8	nil	0.5
Shuttsbury	nil	Jan 1	1.5	nil	1.5
Watergate Ltd	1	Jan 31	1.95	nil	4.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock.

LAST WEEK'S CROSS-BORDER DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Digital Equipment (US)	Kienzle (Germany)	Computers	£122m	DEC's biggest non-US investment
Volkswagen (Germany)	SEAT (Spain)	Car-making	£110m	VW ups stake to 98.98 per cent
Generale de Banque (Belgium)	Banque Parisienne de Credit (France)	Banking	£99m	GB's first x-bdr deal
Halsund Mycomed (Norway)	DAK Laboratoriet (Denmark)	Pharmaceuticals	£58m	Purchase via Danish subid.
International Paper (US)	Papeles Eternit + others	Paper and packaging	£55m	Non-strategic Georgia-Pacific units sold
Kerry Group (Ireland)	WL Miller/Robich (UK)	Food	£26.5m	More Booker disposals
Pilkington (UK)	Akerer Fahrscuggies (Germany)	Vehicle glass	£21m	Letter of intent signed
Societe Generale (Fr)	Associated Finance Shanghai (joint-venture)	Financial services	£10.5m	SoGen follows Sanwa lead
China/Shanghai Invest. and Trust				
Fiat (Italy)/Ford (US)	Joint venture	Heavy vehicles	N/A	80-20 split of ownership

Source: FT Mergers & Acquisitions International

U.S. \$100,000,000 Floating Rate Subordinated Loan Participation Certificates Due 2000

Issue by Merrill Lynch Bank AG

(Incorporated in the Federal Republic of Germany with limited liability)

for the purpose of funding and maintaining a subordinated loan to

The Saitama Bank, Ltd.

(Incorporated in Japan with limited liability)

Notice is hereby given that for the interest period from December 27, 1990 to March 27, 1991 the Certificates will carry an interest rate of 8.45% per annum. The amount of interest payable on March 27, 1991 will be U.S. \$211.25 per U.S. \$100,000 principal amount of Certificates.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

December 27, 1990



هكمان القمل

INTERNATIONAL CAPITAL MARKETS

FT WRITERS REVIEW A YEAR OF SLIDING VOLUMES AND UNCERTAINTY ON THE INTERNATIONAL BOND AND CREDIT MARKETS

Funds squeezed as recession bites

THE JAPANESE stock market collapsed, Iraq invaded Kuwait, and important economies slid into recession. Investors searched for havens of high quality and low risk, but credit ratings slipped under the strain of harsher economic conditions, making it harder to raise funds in the international capital markets in 1990.

New issue volume in the Eurobond market fell by a quarter, to under \$100bn from last year's record \$200bn, while profit margins for underwriters came under further pressure. The telling blow to profitability in the Eurobond market was the erosion of lucrative Japanese equity-linked business, as a result of the weakness of the Japanese stock market. The new issue volume of Eurodollar bonds with equity warrants attached slid to \$18bn this year, from \$60bn in 1989, according to the International Financing Review. Many firms suffered substantial trading losses when the Japanese stock market collapsed in February, and then again in August.

Investors were left with virtually worthless warrants, which they are unlikely to be able to exercise. The new issues market was suspended in March for three months, but was resilient enough to remain open after the stock market collapse triggered by the Iraqi invasion. This was largely because new paper was attractively priced, with much lower premiums than for older issues. Low-cost funding, allowing little-known Japanese companies to tap the market cheaply and then to re-invest the proceeds in the stock market, has disappeared. Around two-thirds of equity warrant paper is reckoned to be placed in Japan. Moves by the ministry of finance to improve the transparency of the secondary market for Japanese private investors seem likely to shift business to Tokyo.

In any case, Japanese investors can no longer be taken for granted in the Eurobond market; domestic interest rates have risen sharply and they are nervous about foreign currency exposure. The US dollar sector, which they used to underpin, has been one of the casualties. Dollar straight issues fell from \$60bn to \$27bn. Technical factors also conspired against issuers and

also changing their habits, increasingly channeling savings through investment funds. Retail investors are more likely than institutional funds to buy bonds at a level which is profitable for banks. This trend was partly reflected in the fall-off of new issues in the Australian dollar sector - where high interest rates have long attracted small investors - down again from \$6.8bn last year to \$4.8bn. German investors became

banks borrowers waited steadily during the first quarter for rates to fall, but instead they rose, and borrowers' funding targets became more elusive. As well as rising rates, borrowers had to contend with the erosion of swap opportunities. As a result, markets like the Australian dollar sector have shrunk in importance.

Global trading helped erode arbitrage opportunities in the swap market, which, like the Eurobond market before it, is

equally few very lucrative. Some banks more than compensated for the lack of opportunities in the swaps market by focusing on the growing market for derivative products like options.

Meanwhile, growing pressure on banks to shore up their capital bases provided the impetus for securitisation of European assets. Although the market has yet to take off, the legal framework is now in place in a number of countries, and once a critical mass of issues has gathered, start-up costs should start to fall. Also, raising capital through equity or subordinated debt issues, is likely to be difficult. The costs of issuing subordinated debt have already risen. The widening of spreads of variable-rate notes, to the limit of the fall-back rate in many cases, is likely to stymie issuance in that market.

In an increasingly credit-conscious environment, refinancing through securitisation may also prove more attractive for non-financial companies finding it difficult to gain access to the market in their own right.

Several markets grew substantially this year. Backed by further government issuance, the Ecu bond market became more widely traded by institutions, boosted by a range of benchmark offerings and new hedging instruments like Ecu future contracts. It is expected to grow further in 1991, with Belgium set to become the next sovereign with a benchmark issue.

A two-tier market, for institutional and retail investors, has now been established in the French franc sector of the Eurobond market, with a benchmark issue by Spain attracting a wave of fresh institutional investment. Issuance reached nearly \$9bn, up from \$4.6bn last year.

Above all, the economic recession is also a sign that bonds will regain favour among investors. Many fund managers who still have substantial funds in money market instruments are planning to switch into longer-dated instruments. While corporate Eurobond spreads for less than top quality names have widened in the wake of the Gulf crisis, most benchmark issues have performed quite well.

Tracy Corrigan

Easy credit gone with a whimper

A DECADE of easy credit has come to an end, not with a bang but with a whimper. The credit expansion has dried up without a final surge of interest rates, thereby purging the international financial system of its ill and preparing the ground for the next expansion, but far less dramatically.

It has left the world's banks weak and unable to raise capital, and many companies over-borrowed. As a consequence, there are fears that conditions may not exist for banks to provide the funds to fuel the next economic expansion.

One phrase has dominated discussion over the last year in the financial markets: "credit crunch". A crunch, where some borrowers are denied credit at any price, was already evident before Saddam Hussein's army invaded Kuwait in August, but the Iraqi actions intensified the problem.

International banks are trying to maintain their ratios of capital to assets to meet internationally agreed standards. Since many find it impossible or prohibitively expensive to raise capital, they are being forced either to limit growth of assets or even shrink their loan books.

According to Salomon Brothers, the Wall Street securities house, US banks may be at their weakest since the 1930s. Even the apparently unassailable Japanese banks have been damaged by the collapse of the Tokyo stock market. After accounting for more than half of all new international lending in the late 1980s, the brakes on new lending by Japanese banks have been firmly applied.

British banks have shied away from some corporate lending because of worsening loan losses at home, while Arab banks, in which confidence was damaged by the Iraqi invasion, have battered down the hatches to preserve ready cash.

The impact has been most keenly felt on companies in countries most dependent on US and foreign banks. This seems to coincide with the main English-speaking countries in the developed world: the US, UK, Australia and Canada. Where corporate relationships with banks are tighter - for example in continental Europe and Japan - the credit crunch is less severe, even

though companies there are traditionally more heavily indebted.

Most borrowers on the international markets have, however, noticed the difference. Even for the highest quality corporate credits, banks' lending margins have risen considerably over the past year. The development is obviously welcome to banks that have been years making credit available to companies at margins which do not even cover their

tions made when companies negotiated financing agreements in the 1980s.

Borrowers have found that a large group of lenders can often spell trouble; the larger the number, the tougher it is to secure agreement among them. They have found that when they negotiated their so-called multiple-option facilities - consolidating all their financings into one cheaply-priced facility - they bought less than met the eye. When

analogous to the bond market, whereby bank attitudes to companies' debt can be reflected in pricing in the new loans market. It may be, though, that causation at this stage moves the other way, with the primary market governing secondary pricing.

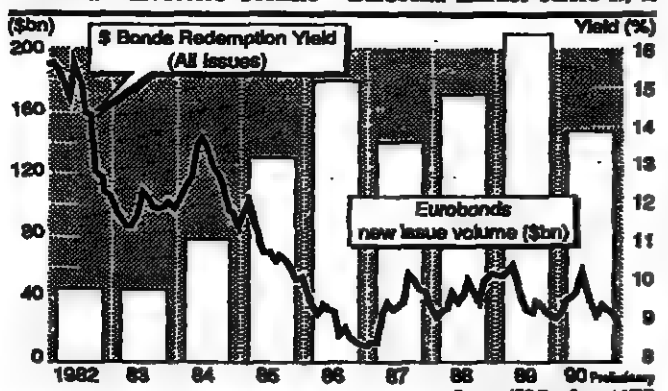
For the year ahead, the central question for the outlook for bank lending concerns the economic backdrop: will the recessions in the Anglo-Saxon economies be short and mild or long and deep? Will Japan and Germany be efficient locomotives to pull these countries out of recession? Will there be war in the Middle East?

Other things being equal - which they are unlikely to be - banks are likely to begin to differentiate more intelligently among different quality credits. Some bankers believe the old competitive imperatives will again set in to drive pricing back down. But this view ignores the simple fact that the pressures on bank capital worldwide will not go away; that bank regulators have no intention of easing capital requirements. The capital rules are already doing what they were intended to do: forcing banks to think more clearly about the risks of allowing others to use their balance sheets. This should encourage them to develop more sophisticated assessments of risk versus return. An era of cheap bank financing for companies has thus drawn to a close.

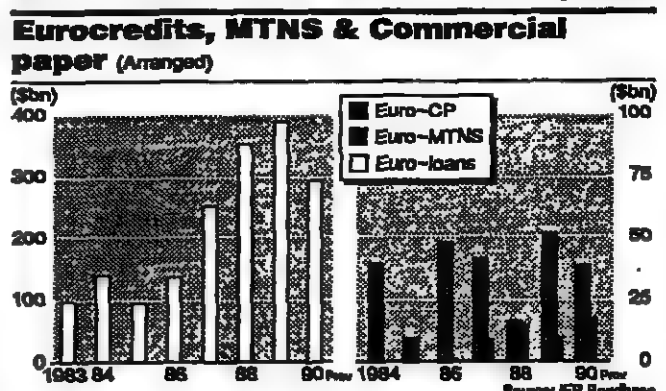
Other sources of financing have dried up for some companies and become more expensive for others. The world's commercial paper markets, for example, have weeded out the lower quality borrowers. In some markets, there has been a withdrawal of intermediaries because of the thin rewards.

Perhaps encouragingly, after the troubles of 1989, there have been relatively few instances of significant defaults. But the whole business, to use the language of advertising, is moving "up market" and is only reliably available for better credits. This may be good for the market, but it provides little comfort for the medium-sized companies, which are now even more dependent for credit on the whims of their often capricious bankers.

Stephen Fidler



Source: FRB Securities / AIB



Source: FRB Securities

aises
help fund
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ees £10.8m
isition

ables

Ensor falls
sharply
to £331,000

1.5% activity share

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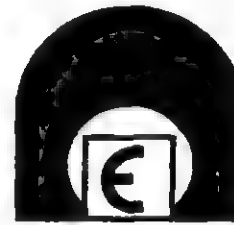
Nomura International
Mitsubishi Finance International plc

Baring Brothers & Co., Limited
BNP Capital Markets Limited
Credit Suisse First Boston Limited
Robert Fleming & Co. Limited
IBJ International Limited
Kleinwort Benson Limited
Merrill Lynch International Limited
Mitsui Bhaiyo Kobe International Limited
Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.
Paribas Capital Markets Group
J. Henry Schroder Wagg & Co. Limited
Swiss Volksbank
Wako International (Europe) Limited

S. G. Warburg Securities
Daiwa Europe Limited

BHF-Bank
Credit Lyonnais Securities
Dresdner Bank
Fuji International Finance Limited
Interram Bank Group
KOKUSAI Europe Limited
Mitsubishi Trust International Limited
Mitsui Trust International Limited
New Japan Securities Europe Limited
Norinchukin International Limited
Salomon Brothers International Limited
Swiss Bank Corporation
UBS Phillips & Drew Securities Limited
Yamaichi International (Europe) Limited

This announcement appears as a matter of record only



EUROPEAN COAL AND STEEL COMMUNITY

5,000,000,000
Portuguese Escudos

E.C.S.C. BOND ISSUE / 90
«Caravela» Issue

Bonds Due: 1995
Annual Fixed Interest Rate: 15.75%
Issue Price: 100 5/8%

BPI - Banco Português de Investimento

CGD - Caixa Geral de Depósitos

Deutsche Bank de Investimento

Banco de Fomento e Exterior
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Banco Bilbao - Vizcaya
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Nomura International	Sanwa International plc
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Sanyo International Limited	Sumitomo Finance International
Sumitomo Trust International plc	Swiss Bank Corporation
Takagin Finance International Limited	Tokai International Limited
Tokyo Securities Co. (Europe) Ltd.	Towa International Limited
Wako International (Europe) Limited	Westdeutsche Landesbank
	<small>Garmisch</small>

WORLD STOCK MARKETS

AUSTRIA				FRANCE (continued)				GERMANY (continued)				ITALY (continued)				NETHERLANDS				SPAIN				SWEDEN				SWITZERLAND			
1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close
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CANADA				INDICES				NEW YORK				STANDARD AND POOR'S				NEW YORK ACTIVE STOCKS				CANADA				TOKYO				MOSCOW				WARSAW				BUDAPEST			
1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close	1990	High	Low	Close
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£ Int'l Bond	5	5	-	-
£ Cash	5	1.057	1.057	1.110
£ Int'l Merged H	5	5	-	-

● For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 44p per minute peak and 33p off peak, inc VAT

MONEY MARKET

ERM

1950-1951
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CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

ERM rates pressure

THE US Federal Reserve may have caught the markets by surprise when it cut the discount rate last week to 6.5 from 7.0 per cent. But lower American rates are unlikely to halt the pressure in the money markets for tighter monetary policy in Europe.

UK clearing bank base lending rate 14 per cent from October 8, 1990

In spite of the immediate weakness caused to the D-Mark by the political uncertainty in the Soviet Union, the consequence of the Fed's decision has been to bolster the mark's strength within the Exchange Rate Mechanism. A higher mark will not worry the Bundesbank as the unification of Germany has caused greater inflationary pressures than the central bank had expected. Indeed, last week the Bundesbank said it might have to raise interest rates. Any tightening in Germany is likely to increase the

pressure on the other ERM members to follow suit. Last week, Belgium again pushed some of its short-term rates up. The Dutch central bank was also forced to nudge its period rates higher, while the Irish central raised its short-term facility rates.

But the French and British governments will be less willing to follow the rest of Europe higher. At the same time, the weakness of the franc and sterling makes it more difficult for France and the UK to reduce interest rates.

France and the UK also appear unwilling to consider the other option, which could help them out of the current difficulties: that is a realignment of the ERM. Mr Norman Lamont, the UK Chancellor of the exchequer, and Mr Pierre Bérégovoy, the French finance minister, have ruled that out.

Sterling and the franc are, respectively, the weakest currencies within the ERM. A hike in rates by the Bundesbank will only worsen their standing.

E IN NEW YORK

Dec 22	Dec 21	Dec 20
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

STERLING INDEX

Dec 22	Dec 21	Dec 20
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

CURRENCY RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

CHICAGO

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

ST. LOUIS

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

PHILADELPHIA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
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PREVIOUS DAY'S DATA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

PREVIOUS DAY'S DATA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

CURRENCY MOVEMENTS

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

OTHER CURRENCIES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

CURRENCY RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

NEW YORK

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

ST. LOUIS

Dec 21	Dec 20	Dec 19
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PHILADELPHIA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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PREVIOUS DAY'S DATA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

PREVIOUS DAY'S DATA

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

POUND SPOT - FORWARD AGAINST THE POUND

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

EXCHANGE CROSS RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

EURO-CURRENCY INTEREST RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

FT LONDON INTERBANK FIXING

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

MONEY RATES

Dec 21	Dec 20	Dec 19
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1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

LONDON MONEY RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
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FT-ACTUARIES WORLD INDICES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

Base values: Dec 31, 1989 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index); 90.791 (Pound Sterling); and 94.94 (Local); Nordic: Dec 30, 1989 = 139.65

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CONSTITUENT CHANGES: Deletion: (20/12/90) Boustead Hlgs. (Malaysia). Name change: (21/12/90) Koruon to Tokyo Dome Corp. (Japan).

LONDON RECENT ISSUES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

FIXED INTEREST STOCKS

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

RIGHTS OFFERS

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

BANK OF ENGLAND TREASURY BILL TENDER

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

WEEKLY CHANGE IN WORLD INTEREST RATES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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1.0000	1.0000	1.0000

FINANCIAL TIMES STOCK INDICES

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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1.0000	1.0000	1.0000
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LONDON SHARE SERVICE

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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BRITISH FUNDS

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
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BRITISH FUNDS - Contd

Dec 21	Dec 20	Dec 19
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AMERICANS - Contd

Dec 21	Dec 20	Dec 19
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COMMONWEALTH & AFRICAN FUNDS

Dec 21	Dec 20	Dec 19
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LOANS

Dec 21	Dec 20	Dec 19
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FOREIGN BONDS & RAILS

Dec 21	Dec 20	Dec 19
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AMERICANS

Dec 21	Dec 20	Dec 19
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Continued on next page

MONEY MARKET FUNDS

Money Market Trust Funds

Dec 21	Dec 20	Dec 19
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
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Money Market Bank Accounts

Dec 21	Dec 20	Dec 19
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FINANCIAL TIMES STOCK INDICES

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LONDON SHARE SERVICE

BANKS, HP & LEASING

BUILDING TIMBER ROADS —

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ENGINEERING—Contd**INDUSTRIALS (Miscel****td | INDUSTRIALS (M**- Contd.

3.75	Therapeutic Bandages 10g	1.00	15.5	8.10	Jul Nov	4228
50.0	Warlike Storys 10g	2.85	5.1	9.18 10	Jany Jan	4431
1.64	Warlike Storys 10g	1.15	10.3	18.9	Oct Nov	4441
13	Wolfschulze Rink	1.15	10.1	18.10	May Nov	4229
62.8	Warlike Chems.	8.78	4.7	6.8	Apr Oct	4441
74.6	Warlike Cattle 10g	8.78	6.7	18.10	Jul Nov	4267

Black Sp.	24	7.75	11	June De
Cr Co On Pl	60	16.1	25.6	Jan Jul
Systems Inc.	41	-3.6	-10.86	
Sp.	92	3.5	10.9	May Oct
Electronics	163	-2.7	27.25	Feb Aug
Delta 2009-14	1401	-1.4	5.08	Apr Oct
Decom Sp.	274	6.2	1.2	Feb Aug
Cr Gm Sp.	13	18.3	-8.5	Jan Nov

Group 20p.....	66	3 1	8 1	23 7	Sept
Grw NW & RJ.....	222	4 2	4 1	8 10	May
Save 10p.....	473		3 4	10 12	July
(John J) 10p.....	58	- 7	5 3	10 12	Jan
(Wm J) 20p.....	299	0 3	3 5	19 11	Jan
W 10p.....	84		3 5	-	Feb
Subs (21).....	88	1 1	4 2	4 9	Oct
Grw NW & RJ 10p.....	318	1	7 10	6 8	Oct

82.0 Gramplan Hides	121	2.5	4.72
58.4 Gramads	187		9.22
82.7 700 7.5p Cr Prt 10p	82	-3.2	12.22
25.3 366 Southern 10p	148		5.48
8.04 Green (E.) & Part Sp	108	-4.8	9.88
3.20 Greenwood Secs	33		13.72
11.6 646 Gold Ind. Gr. Sil.	148	-5.5	5.01
11.8 841 Impure 1p	64	-7.1	

2751	57.7 Williams Co.	57.7	
2752	1.6 Williams Co.	1.6	-28
2753	4.9 Williams Co.	4.9	12
2754	18.9 Williams Co.	18.9	98
2755	11.5 Williams Co.	11.5	51
2756	3.4 Williams Co.	3.4	55
2757	71.0 Williams Co.	71.0	238
2758	29.3 Williams Co.	29.3	94
2759	1.6 Williams Co.	1.6	12

Jul-Aug	44%
Jul-Nov	45%
Nov-Jul	45%
July-Jan	45%
Oct-May	45%
September	45%
June-Dec	45%

[illegible]

Direct 20p.. y	23	-8.0	827.12	Mar-Jul
Indirect 10p.. y	8	-17.18	Jan-July
Flt 10p.. y	2000	-0.7	7.710.9	Apr-Oct

Mal Fictio 5p	23	5.3	14.5	Jun 0
Mal Fictio 5p	87	-2.1	5.3	May 0
Mal Fictio 5p	192	4.0	4.8	Jan 12
Mal Fictio 5p	24	4.0	10.9	Feb 0
Mal Fictio 5p	87	-4.3	6.5	Feb 0
Mal Fictio 5p	48	-5.2	4.7	May 5
Mal Fictio 5p	87	-0.3	1.0	May 5
Mal Fictio 5p	48	1.3	7.3	May 5

2.71	Jordan (T) 10p	44	-0.9	16.2	6
2.25	Kalamazoo 10p	31	-1.7	4.5	20
2.18	Kalon Group 15p	35		4.7	20
2.3.8	Kelley Inds.	44	1.1	8.7	29
2.06	Kerns IA 15p	40	-2.2	7.6	6
2.05	Kingsprange 10p	38			17
2.23	Kitty Little Grp Sp.	23			10
2.34	Kitty, E. Co.				

0061	921.5 Lincoln Mar. Con. ..	634	
0070	94.7 Lloyd Thompson Sp. ..	808	
0072	228.0 Loyds Abbey Ltr. Sp. ..	373	-1.5
0076	378.0 London & Milan. ..	317	
0083	276.0 Marys McCl. n. S. L. ..	634	4.3
0089	27.1 PWS Holdings 10p. ..	90	
0097	164.0 Presidential Sp. ..	294	-3.5
	300.0 PWS Holdings 10p. ..	90	

by Aug. 15	53.44
by May	51.70
by Oct.	15.00
by Jan.	3.05
by Apr. 15	32.98
by 11 Dec.	37.36
by May	37.33

ELECTRICIANS									
26	John E. Adams	92	-1	25	24	Nov	May	1491	
72	O'Call Group 10p	77	5.5	3	9	Jan	Aug	1432	
24	BACTAL 5p	180		3	5	Feb	Aug	1432	
9	Accom Cmptr 10p	15						1517	
25	Admiral 5p	223	-0.9	21	10	May	Oct	1521	
12	Balta 10p	9		9	10	May	Oct	1521	
71	Alphabetic 5p	6.5	0.3		31	7		1573	

Aug 10	18	24.3	July
Aug 11	19	29.5	July Nov
Aug 12	20	25.6	Aug Feb
Aug 13	21	5.11	Jan Aug
Aug 14	22	24.9	Nov Jan
Aug 15	23	22.10	Oct Jan
Aug 16	24	10.9	Oct Apr.
Aug 17	25	20.8	Apr. Oct.
Aug 18	26	8.10	July Nov

100	363	5.31	6.8	Jan Oct
100	148	3.3	19.11	Sept Dec
100	129	10.1	19.11	July Jan
100	92	6.9	24.9	May Nov
100	168	5.48	10	Nov Jun
100	48	3.95	5.11	Aug Nov
100	6	-	18.4	Jan -
100	376	10.12	12	Oct Jan
100	150	3.4	10.9	Dec Oct

Plactional Sp.	Y	68		5.9	5.11
Platignum Sp.	Y	3			5.82
Plexon Inc.	Y	35			
Polymark 100	Y	21			9.81
Pol. Co. MPA Sup.	Y	198	5.3	13.3	10.12
Portals	Y	243	0.6	5.8	5.11
Porter Chemical Sp.	Y	66	-2.9	4.3	23.7
Portle Group Sp.	Y	19			22.1

79	41.7	Kuack 10p	22.1	-10.0
78	21.2	Do 8 p PM	53	-11.7
77	75.3	MTWTFSS 1430-2 PM	85	-1.2
76	77.1	Marina Dev. 50p	288	-1.4
75	24.2	Marino Radio Gp 5p	177	
74	13.7	Midland Radio 10p	104	
73	8.83	MTWTFSS Wides. 1p	5	
72	8.56	Mobile Fareedon 5p	249	
71	48.1			

Jul.	465
Sept	341
Dec	-
Mar	328
Jan	1405
Feb	-
	3461
71)	2713

— *Journal of the American Medical Association*, 1997

1. *Chlorophyll a* and *Chlorophyll b* were determined using a spectrophotometer (Shimadzu UV-1601) at 663 nm and 646 nm, respectively. The concentrations were calculated using the following equations:

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

هَكَذَا مِنْ الْأَصْلِ

4pm prices December 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on Page 27

NYSE COMPOSITE PRICES

[illegible][illegible]**NASDAQ NATIONAL MARKET**

4pm prices December 2

Sales	High	Low	Last	Clos	Stock	Div.	Sales	High	Low	Last	Clos	Stock	Div.	Sales	High	Low	Last	Clos	Stock	Div.	Sales	High	Low	Last	Clos	
ABC	10	10	10	10	10		ABC	10	10	10	10	10		ABC	10	10	10	10	10	10		ABC	10	10	10	10

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AMEX COMPOSITE PRICES

4pm prices
December 27

PV 50										PV 50										PV 50										PV 50									
Branch	Dive	1989	High	Low	Class	Chg	Stock	Dive	1989	High	Low	Class	Chg	Stock	Dive	1989	High	Low	Class	Chg	Stock	Dive	1989	High	Low	Class	Chg	Stock	Dive	1989	High	Low	Class	Chg	Stock				
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1			
ATON	7	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+	1	1	50	33	43	50	+					

EUROPEAN RELOCATION

The FT proposes to publish this survey on 17th 1991

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